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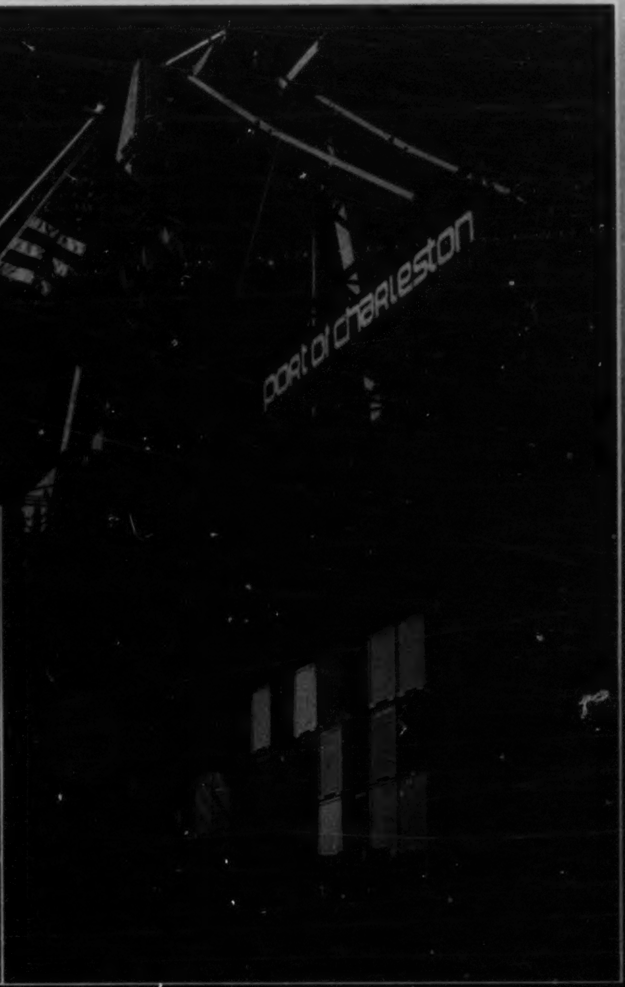
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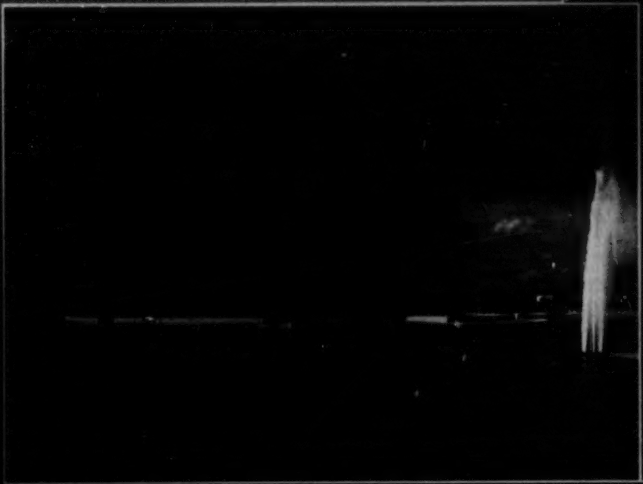
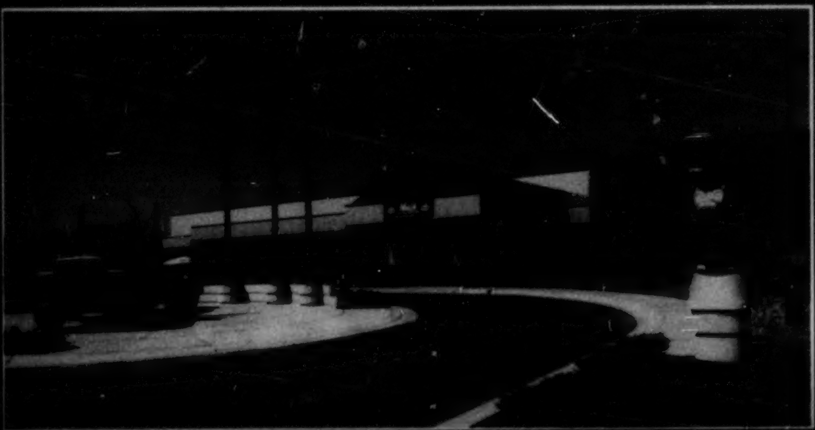


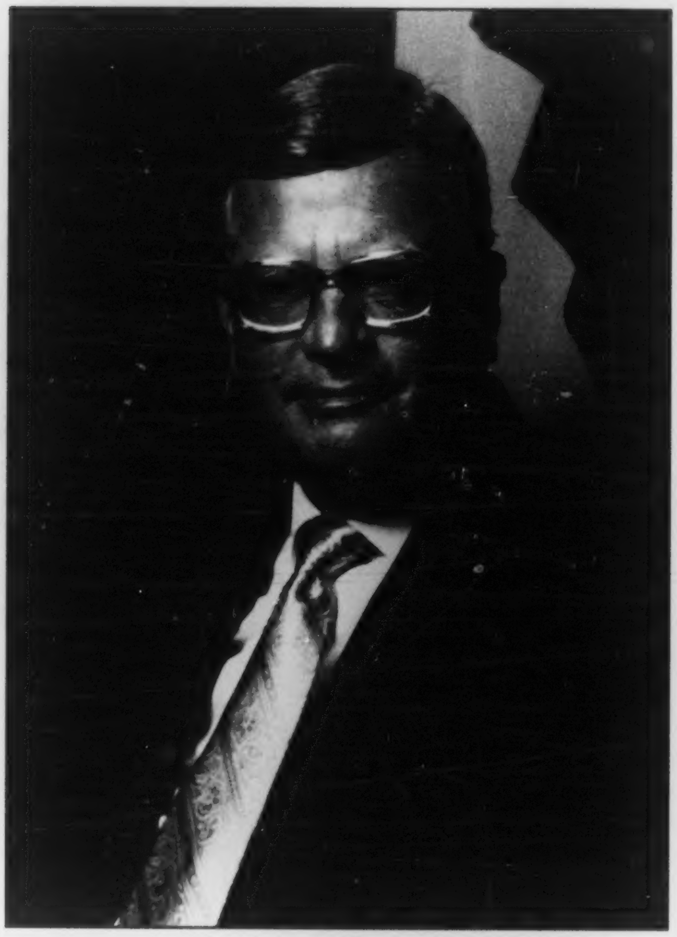
STATE OF SOUTH CAROLINA
Comprehensive Annual Financial Report



HUGHES
HUGHE

June 30, 1988

Earle E. Morris, Jr.—*Comptroller General*



EARLE E. MORRIS, JR.
Comptroller General

ON THE COVER

Clockwise from top left: Milliken Research Corp., Spartanburg; State Ports Authority Container Facility, Charleston; Hughes Aircraft, Inc., Orangeburg; Mack Trucks, Inc., Winnsboro; Fluor Daniel Corp., Greenville.

STATE OF SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30,

1 9 8 8

Prepared by the Comptroller General's Office

COMPTROLLER'S MESSAGE. . .

"SUPERCALIFRAGILISTICEXPIALIDOCIOUS"

The sound financial condition of South Carolina following the close of the 1988 fiscal year deserves this descriptive word from a memorable movie.

In 1984, the General Assembly directed my office to implement Generally Accepted Accounting Principles (GAAP) for South Carolina. At that time, only a few states were using GAAP, but the marketplace -- the bond market, the business community, our elected leadership and others -- had begun to demand that governments conform their financial reporting to that expected of all organizations.

Over the next four years, the State's accounting procedures were improved, and this Comprehensive Annual Financial Report is our first to have full GAAP reporting. The other highlights in this report are:

- *The State's prudent management over the years was confirmed since no fund type, including the General Fund, resulted in a deficit. Most states have been obliged to record sizable deficits when converting to GAAP.*
- *The State's long-standing "Triple A" highest bond rating has been continued, minimizing cost to our citizens when we must borrow for the future.*
- *Our financial statements have been audited by independent auditors who have rendered an unqualified opinion -- the best possible result of the audit process.*

With this Comprehensive Annual Financial Report, South Carolina joins an elite group of states which have successfully converted to GAAP and achieved an unqualified audit. This report ratifies and reaffirms my commitment to provide full disclosure of public funds to the people of South Carolina.

After thirteen years, with the support of the General Assembly and Governors Carroll A. Campbell, Richard W. Riley and James B. Edwards, we have accomplished what I set out to do when I became Comptroller General -- improve accountability and preserve our State's top credit rating.

For better, not worse.

Earle E. Morris Jr.

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

THE NEW, NOW, SOUTH CAROLINA

The pages of this report tell a story of South Carolina's financial condition, and in that regard, the numbers speak for themselves.

But South Carolina is more than numbers and charts. It is a state which embodies the best of the "New South" and the "Old South." It is a state in which Spanish moss still hangs low over tidal marshlands, just as it did when English settlers first landed here in 1670. It is also a state in which more than $2.3 billion of industrial investments were announced during fiscal year 1987-88.

South Carolina is a place where 135 of the Fortune 500 companies have chosen to place major manufacturing operations. It is a place where foreign investors from major nations of Asia and Europe have invested over $3.3 billion during the last 10 years, more than 20 percent of the total industrial investment in the State during that time.

The pictures appearing on the cover and spread through this report illustrate what is happening. They show plantation houses and industrial complexes side-by-side; they show overseas investments taking their place alongside major domestic firms. They show economic growth from the mountainous Upstate region of South Carolina to the popular beaches of the State's Lowcountry and coastal areas.

The South Carolina story is a success story, or rather, it is many success stories. The State's traditional textile industry is gearing up for new challenges and competition while a new wave of research-oriented, high tech firms make their homes here.

South Carolina's excellent port at Charleston--second busiest on the eastern seaboard--makes the State a hotbed of trade activities, and its network of interstate highways link it economically to virtually every state east of the Mississippi. Tourism has brought a new dimension to the economy, and thousands of new citizens flock to the State every year to enjoy our climate and high quality of life.

But South Carolina is mindful that tomorrow's challenges are even greater than today's. Its largest outlay of public moneys goes into building a quality educational system which can make future generations of South Carolinians productive and competitive in the world marketplace.

In short, this report shows a South Carolina where the past and present flow together gracefully to build a dynamic future. No state has a richer heritage of history and tradition, and no state has a greater foothold in the economic future of the nation and world we occupy.

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Introductory Section

South Carolina's rich textile history is reflected in its new State Museum in Columbia. The Museum occupies a building which once housed the nation's first electric-powered textile mill.

STATE OF SOUTH CAROLINA
Office of Comptroller General

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11228
COLUMBIA, S.C. 29211
TELEPHONE 734-2121

December 22, 1988

**To the Citizens, Governor,
and Members of the
South Carolina General
Assembly:**

INTRODUCTION

South Carolina's Comprehensive Annual Financial Report is divided into three sections--Introductory, Financial, and Statistical. The Introductory Section consists of this letter of transmittal, a list of State officials, and an organization chart. The Financial Section consists of the general purpose financial statements (combined statements and notes), combining financial statements, and schedules. The Statistical Section presents non-financial and comparative financial data.

These financial statements are representations of the South Carolina Comptroller General. The data in this report are accurate in all material respects. Furthermore, the report describes all material facts related to the State's financial affairs.

The State General Assembly and the Budget and Control Board exercise oversight authority over all accounting funds and entities included in this report. The Budget and Control Board consists of the Governor, the Comptroller General, the State Treasurer, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. The most important element of oversight authority is financial interdependency. Other elements of oversight authority include:

- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, all activities which would generally be considered part of the State of South Carolina are included in this report.

ECONOMIC CONDITION AND OUTLOOK

South Carolina enjoyed generally healthy economic conditions during the fiscal year ended June 30, 1988. Based on available data regarding employment, salaries, interest earnings, and Federal government payments to individuals, it appears that personal income in the State grew about 7% during the fiscal year. This represents the highest rate of growth in personal income since the 1984 recovery. The unemployment rate in the State dropped from 5.6% at the beginning of the fiscal year to

4.8% at the end of the fiscal year. In fact, the State's economy added more than 58,000 jobs during the fiscal year. This general expansion of the work force helped to spur growth in the State's revenues. An inflation rate of approximately 3.9% contributed to growth in State sales tax revenues. Hotel and motel rentals, restaurant meals, and specialty store sales were among the highest sales tax growth segments, reflecting a healthy year for tourism in the State.

At the end of 1987 and through March 1988, the value of the nation's currency was falling. This boosted South Carolina's manufacturing sector as machinery and other durable goods produced in the State became more competitive than those produced in West Germany and elsewhere abroad. A rise in the value of the dollar toward the end of the fiscal year, however, eliminated some of these competitive gains.

The State is prohibited by law from investing in corporate stocks. The lackluster performance of equity securities during 1988, therefore, had no effect on the value of the State's investment portfolios.

The most probable outlook in South Carolina is for continued economic and revenue growth.

MAJOR INITIATIVES

Conversion to Generally Accepted Accounting Principles

South Carolina's Appropriation Act requires the Comptroller General to work toward issuing Statewide financial statements that conform with Generally Accepted Accounting Principles (GAAP). This report represents continued progress toward that goal. In 1984, the Comptroller General's Office initiated a GAAP conversion project. A conversion plan, together with appropriate State agency training, was implemented during 1985 and 1986. The State's Combined Balance Sheet at June 30, 1987, conformed to GAAP and was audited jointly by the State Auditor and Peat Marwick Main & Co., an independent certified public accounting firm. For the fiscal year ended June 30, 1988, the complete GAAP-basis financial statements have been jointly audited by the same team. This is the first year that this report has included an independent auditors' report.

Revision of the State's Budgeting Process

A pilot program has been initiated to find an alternative approach to the current budgeting process. Currently, the State maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. The new recommended budgeting format has as its objectives:

- Condensing and simplifying much of the line-item expenditure detail in the present budget document
- Establishing statutorily authorized programs as the basis of agency budgets
- Requiring definitions of missions and objectives for each program
- Providing performance indicators by which effectiveness and cost of agency services may be identified and measured

The 1987-88 Appropriation Act requires this project to be completed in 1989-90.

FINANCIAL CONTROLS

Accounting and Administrative Internal Controls

The Statewide Accounting and Reporting System (STARS) is the State's budgetary-basis operating accounting system. This double-entry system, installed in 1982, processes cash and budgetary transactions, and maintains records for all budgeted funds and some unbudgeted funds. The State's higher education institutions and most of the enterprise entities maintain separate accrual-basis accounting systems.

An automated GAAP reporting system in the Comptroller General's Office converts budgetary-basis STARS data into the format presented in this report. State agencies which use STARS complete forms at year-end to adjust the budgetary-basis balances to conform with Generally Accepted Accounting Principles. The Comptroller General's Office enters data from these forms as well as audited financial statements for the higher education institutions and most State enterprises into the GAAP reporting system.

The State's internal accounting controls provide reasonable, but not necessarily absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposal
- The reliability of financial records for preparing financial statements and maintaining accountability for assets

The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary Controls

South Carolina's annual Appropriation Act includes legally adopted budgets for the Budgetary General Fund and for aggregated Other Budgeted Funds. The State estimates revenues on a cash receipts basis. Appropriations for 1987-88 cover all expenditures deemed applicable to that year and paid on or before July 22, 1988. Unexpended Budgetary General Fund appropriations lapse unless the Appropriation Act specifically authorizes agencies to carry them forward to the next fiscal year.

State law does not require encumbrance accounting. Accordingly, the State does not record encumbrances (except for some higher education institutions). The State currently maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. Except for accounts of higher education institutions and the Department of Highways and Public Transportation, STARS checks to be sure that an account has sufficient remaining appropriations before it will charge an expenditure to that account. Organizational units may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. The Budget and Control Board has authority to approve these appropriation transfers.

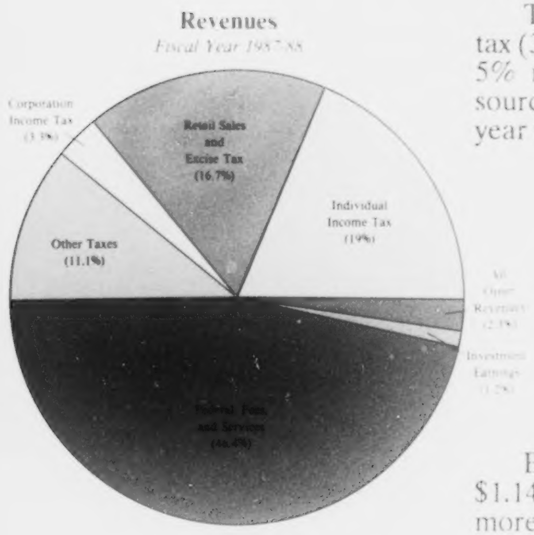
The initial budget appears in the annual Appropriation Act. The Budget and Control Board reduces the Budgetary General Fund's appropriations during the year if it anticipates a year-end operating deficit. Likewise, the Budget and Control Board may revise estimated revenues of the Budgetary General Fund during the year, if necessary. This was the first year in several years that major mid-year appropriation reductions were unnecessary.

During June 1988, the General Assembly passed a Supplemental Appropriation Act that increased appropriations of the Budgetary General Fund by $52.6 million. Unlike Supplemental Appropriation Acts for many years in the past, this year's Act required cuts in supplemental appropriations if sufficient surplus funds (on the budgetary basis) had not been available. The budgetary-basis surplus, however, was sufficient to fund all supplemental appropriations.

State law specifies procedures for processing requested budget changes in Other Budgeted Funds and for permanent improvement projects.

TOTAL BUDGETED FUNDS

South Carolina completed its conversion to a GAAP basis of accounting during the year ended June 30, 1988. Because of this conversion, comparisons of revenues and expenditures of the current year with similarly labeled amounts of prior years would not be meaningful. Therefore, the comparisons of revenues and expenditures shown below use budgetary-basis amounts for Total Budgeted Funds. Total Budgeted Funds include general governmental functions, Higher Education Funds, and certain Proprietary Fund activities.



Revenues

The State's most significant sources of revenue are its income tax (3% to 7% for individuals and 5.5% for corporations) and its 5% retail sales tax. Budgetary-basis revenues from various sources (expressed in thousands) and the changes relative to last year were:

Revenue Source	1987-88	1986-87	Increase (Decrease) from 1986-87
Individual income tax	$1,142,105	$1,008,938	13.20%
Retail sales and excise tax	1,006,135	946,935	6.25%
Corporation income tax	196,187	184,890	6.11%
Other taxes	666,376	629,057	5.93%
Federal, fees, and services	2,792,219	2,441,978	14.34%
Investment earnings	72,861	78,783	(7.52%)
All other revenues	138,871	103,459	34.23%
Totals	**$6,014,754**	**$5,394,040**	**11.51%**

Budgetary-basis individual income tax revenues amounted to $1.142 billion, exceeding the estimate of $1.069 billion by 7%, up more than 13% from 1986-87. A significant part of this excess came from a 10.3% increase in employer withholdings over last year and a 19.5% increase in estimated tax declarations, most of which are filed by self-employed persons. Retail sales and excise tax revenues increased somewhat over last year, and slightly exceeded the estimate of $1.002 billion. Corporate income taxes did not change significantly from last year, and investment earnings dropped slightly. The increase in Federal, fees, and services revenues can be attributed to an increase in Federal highway grants and the inclusion of hospital revenue for the Medical University of South Carolina which was unbudgeted in 1986-87. Because of their nature, the amount of other revenues often varies significantly from year to year.

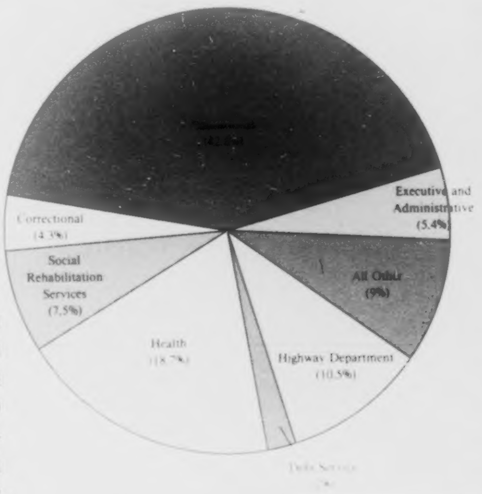
Expenditures

Budgetary-basis expenditures totaled $5.926 billion for the fiscal year ended June 30, 1988. This represented an increase of 11.03% over expenditures for the fiscal year ended June 30, 1987. Expenditures by character and function (expressed in thousands) were:

Expenditure Function	1987-88	1986-87	Increase (Decrease) from 1986-87
Legislative	$ 23,965	$ 23,391	2.45 %
Judicial	22,497	21,853	2.95 %
Executive and administrative	317,509	260,639	21.82 %
Educational	2,521,301	2,314,100	8.95 %
Health	1,109,708	1,027,103	8.04 %
Social rehabilitation services	441,487	447,229	(1.28)%
Correctional	257,701	215,149	19.78 %
Conservation, natural resources, and development	169,218	160,293	5.57 %
Regulatory	110,023	99,612	10.45 %
Transportation	3,451	2,866	20.41 %
Debt service	119,415	107,122	11.48 %
Miscellaneous	207,707	174,402	19.10 %
Highway Department	621,596	482,990	28.70 %
Totals	**$5,925,578**	**$5,336,749**	**11.03 %**

Expenditures

Fiscal Year 1987-88



The increase in Correctional expenditures was due to an increase in capital and operating expenditures associated with the construction and operation of new prisons. The decrease in Social Rehabilitation expenditures was mainly in the food stamp program. The food stamp decrease was due to better administration of the program and to a better economy which resulted in fewer recipients. The increase in Executive and Administrative expenditures was due primarily to the Jobs Training Partnership Act (JTPA) program being returned to an executive agency during the year ended June 30, 1988, from an educational agency where it had been moved during the preceding year.

STATUS OF FUND BALANCES

Budgetary-basis fund balances at June 30 (expressed in thousands) for the last two years (1987 balances restated as explained in Notes to the Combined Financial Statements) were:

	1988	1987
Budgetary General Fund	$213,734	$ 94,726
Other Budgeted Funds	355,026	384,858
Total Budgeted Funds	**$568,760**	**$479,584**

The South Carolina Constitution requires the State to maintain a General Fund Reserve to prevent deficits in the Budgetary General Fund. Ordinarily, the reserve is fully funded whenever it equals four percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year. As permitted by the State's Constitution, however, the General Assembly voted during the fiscal year ended June 30, 1988, to reduce this percentage to three percent. In November 1988, the State's voters approved a Constitutional amendment permanently reducing this percentage to three.

The General Fund Reserve began 1987-88 with $75.4 million. In accordance with the Appropriation Act, it received $25.1 million during the year. When the General Assembly reduced the full-funding percentage to three percent, it specified that $14.4 million from the reserve was to be used to help fund 1987-88 supplemental appropriations. The reserve, therefore, finished the year with a balance of $86.1 million at June 30, 1988, or $5.3 million more than full funding of $80.8 million. The General Assembly approved movement of the $5.3 million excess to unreserved fund balance during the fiscal year ended June 30, 1989.

The State produced its first Combined Balance Sheet in accordance with Generally Accepted Accounting Principles (GAAP) at June 30, 1987. GAAP-basis fund balances for the governmental fund types at June 30 (expressed in thousands) for the last two years (1987 balances restated as explained in Notes to the Combined Financial Statements) were:

	1988	1987
General Fund	$118,456	$ 17,820
Special Revenue Funds	404,464	412,719
Capital Projects Fund	81,811	118,543

PROPRIETARY OPERATIONS

The Public Service Authority (Santee-Cooper) is South Carolina's State-owned public power resource. The Public Service Authority (Santee-Cooper) produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments. The Public Service Authority (Santee-Cooper) made payments to the State's General Fund of $3.0 million during the year ended June 30, 1988. The distribution to the General Fund is based primarily on operating cash flows and mandatory reserve requirements.

There are several other significant proprietary segments of South Carolina's State government. For example, the Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The State Housing Finance and Development Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Education Assistance Authority makes loans to eligible students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts.

The Public Service Authority (Santee-Cooper) and other major Proprietary Funds of South Carolina are presented below with highlights of segment financial information (expressed in thousands) for the fiscal year ended June 30, 1988.

	Public Service Authority (Santee-Cooper)	Ports Authority	Housing Authority	Education Assistance Authority	Research Authority
Operating revenues	$ 491,980	$ 43,408	$ 65,195	$ 8,219	$15,062
Net income	36,126	10,500	6,484	5,296	495
Net working capital	36,145	7,779	76,803	34,678	2,013
Total assets	2,667,128	198,200	709,385	106,802	16,729
Total fund equity	462,601	182,970	67,351	30,993	12,553

FIDUCIARY OPERATIONS

The largest of the State's Fiduciary Funds are its four retirement systems: The South Carolina Retirement System, the Police Officers' Retirement System, the Retirement System for Members of the General Assembly, and the Retirement System for Judges and Solicitors. The systems are funded in accordance with actuarially established contribution rates. Some key actuarial amounts for the systems (expressed in thousands) at June 30, 1987 (latest available data), were:

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System
Pension benefit obligation	$6,447,500	$445,200	$22,200	$51,600
Net assets available for benefits, at cost	4,805,400	414,700	15,500	19,900
Unfunded pension benefit obligation	$1,642,100	$ 30,500	$ 6,700	$31,700

DEBT ADMINISTRATION

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith, credit, and taxing power of the State. Much of the debt, however, is revenue debt associated with specific State component units. Specific revenue flows of particular component units service revenue debt.

Moody's Investors Service has rated South Carolina's general obligation bonds as "Aaa", and Standard & Poor's rates this debt as "AAA", both representing the highest ratings awarded. South Carolina is one of only a few states holding these highest ratings. During the fiscal year ended June 30, 1988, South Carolina issued $60 million in general obligation debt and retired $72 million. The State budgets and pays principal and interest on general obligation bonds from current resources of the Budgetary General Fund.

The State's available legal debt margin at June 30, 1988, was $150 million for highway bonds and $31.8 million for institution bonds. Rather than directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The available legal annual debt service margin at June 30, 1988, for other general obligation bonds/notes, excluding tax and bond anticipation notes, and excluding general long-term obligations other than bonded debt, was $35.4 million.

The ratio of general obligation bonds/notes to assessed property value (based on 100% of value) and general obligation bonds/notes outstanding per capita are useful indicators to citizens, investors, and management of the State's debt position. At June 30, 1988, these data were:

General obligation bonds/notes outstanding	$681 million
Ratio of general obligation bonds/notes to assessed property value	12 %
General obligation bonds/notes outstanding per capita	$194

The State's higher education institutions and enterprise entities had revenue debt of approximately $2.8 billion outstanding on June 30, 1988. Amounts of debt (expressed in millions) by component unit were:

South Carolina Public Service Authority (Santee Cooper)	$1,938
South Carolina Housing Authority	604
Various higher education institutions	159
Other State component units	105
Total	$2,806

In April 1988, Clemson University, an institution reported in the Higher Education Funds, refunded $16.0 million of its revenue bonds to reduce its total debt service payments over the next sixteen years by approximately $2.1 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2.9 million.

CASH MANAGEMENT

State law requires full collateralization of all State Treasurer bank balances. Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain obligations of United States corporations.

As provided by law, the State Treasurer deposits money in a general deposit account if the Budget and Control Board so decides. The State records earnings of the general deposit account as revenue of the General Fund. The Treasurer deposits other monies into various special deposit accounts, each of which retains its own earnings. The Treasurer invests excess cash of the general deposit account and the various special deposit accounts.

State agencies which issue their own checks participate in pooled bank accounts. These agencies issue checks against the pooled bank account. Meanwhile, the bank invests account balances until the checks clear. The State receives the investment income earned on the pooled bank accounts.

Investment earnings for the General Fund totaled $61.9 million for the fiscal year ended June 30, 1988.

RISK MANAGEMENT

The State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation and Second Injury Fund benefits
- Claims of covered public employees for health insurance, dental insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)
- Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools, and their contents
- Motor vehicles, school buses, and aircraft
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these risks.

The State conducts various risk control programs to help minimize losses. For example, the health insurance program conducts extensive wellness education programs for covered employees that promote development and maintenance of healthful lifestyles.

AUDIT

An independent audit was performed of the Combined Balance Sheet of the State of South Carolina as of June 30, 1987. This was the first audit of the State of South Carolina as a reporting entity. The audit was performed jointly by the State Auditor and the independent certified public accounting firm of Peat Marwick Main & Co. The same joint team performed the audit of all of the State's general purpose financial statements for the fiscal year ended June 30, 1988. For the first time in history, this report includes an unqualified report of the independent certified public accountants, the best possible result of the audit process.

The audit described above is not intended to meet the requirements of the Federal Single Audit Act of 1984. Instead, the State Auditor's Office audits individual State agencies receiving Federal aid to meet these Federal requirements.

CERTIFICATE OF ACHIEVEMENT

The State of South Carolina plans to submit its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1988, to the Certificate of Achievement for Excellence in Financial Reporting program of the Government Finance Officers Association of the United States and Canada. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to stringent program standards. I firmly believe that South Carolina's report meets the requirements to receive the Certificate of Achievement.

ACKNOWLEDGMENTS

Production of this report would not have been possible without the support of all State agencies which supplied GAAP closing data on a timely basis. As we strive to produce this report in future years and to improve its quality and content, continued support of the State agencies is essential.

Special thanks are due to the South Carolina Development Board, the State Board for Technical and Comprehensive Education, and the South Carolina Ports Authority for providing many of the photographs in this report. We also thank Philip G. Grose, Jr., who wrote the narrative that accompanies the photographs and provided other invaluable assistance in producing the report.

Sincerely,

Earl E. Morris, Jr.

EARLE E. MORRIS, JR.
Comptroller General

NCR Corporation employs almost 1,000 people in its computer equipment and small business systems plant in Lexington (above). In Liberty, the NCR plant employs over 500 people.

Principal State Officials

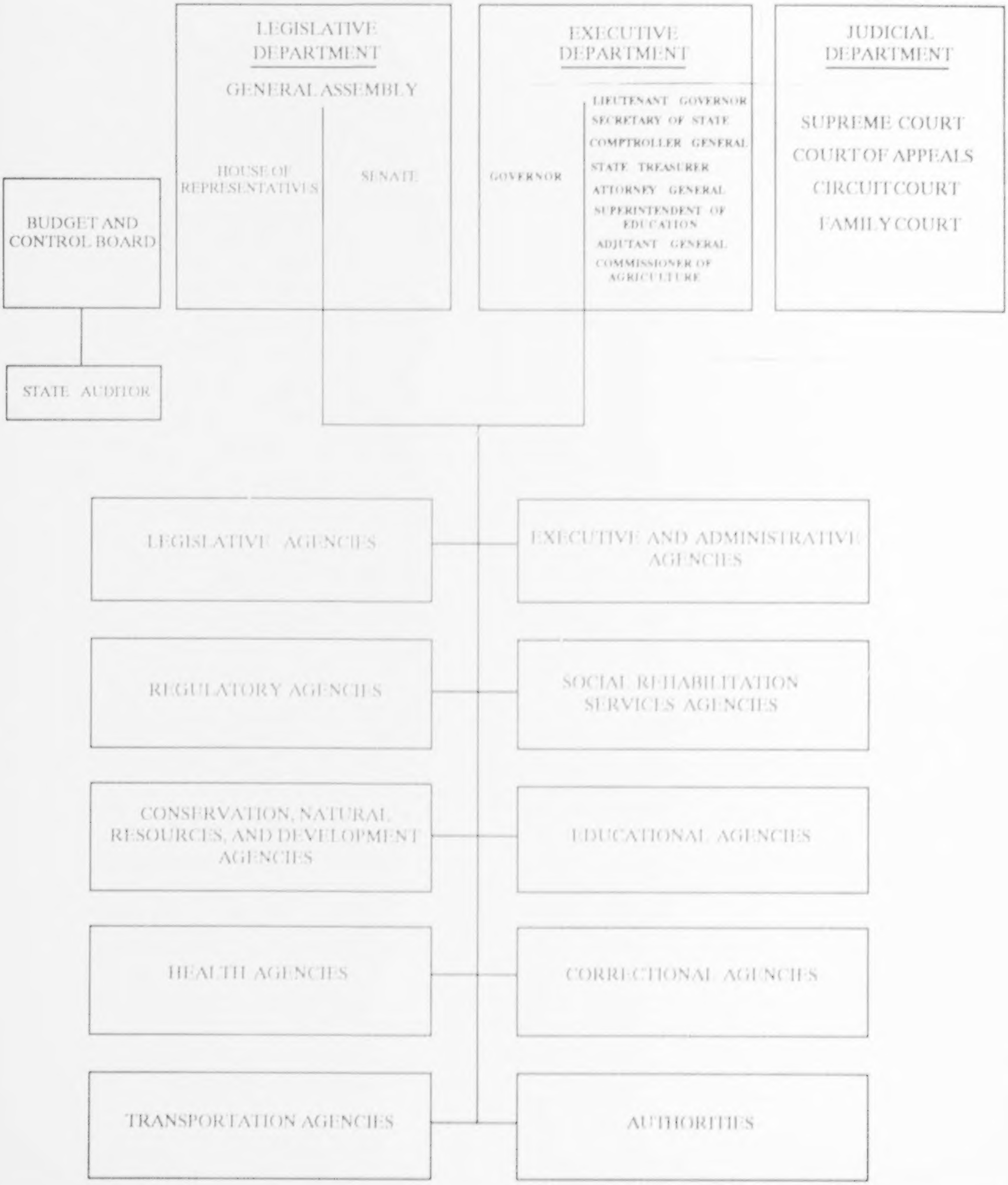
June 30, 1988

	Current Term of Office
LEGISLATIVE — THE GENERAL ASSEMBLY	
Nick A. Theodore, President, Senate and Lieutenant Governor	1987-1991
Robert J. Sheheen, Speaker, House of Representatives	1986-1988
EXECUTIVE	
STATE BUDGET AND CONTROL BOARD	
Carroll A. Campbell, Jr., Chairman, Governor	1987-1991
Earle E. Morris, Jr., Comptroller General	1987-1991
Grady L. Patterson, Jr., State Treasurer	1987-1991
James M. Waddell, Jr., Chairman, Senate Finance Committee	1984-1988
Robert N. McLellan, Chairman, House Ways and Means Committee	1986-1988
John T. Campbell, Secretary of State	1987-1991
T. Travis Medlock, Attorney General	1987-1991
Dr. Charlie G. Williams, State Superintendent of Education	1987-1991
Major General T. Eston Marchant, Adjutant General	1987-1991
D. Leslie Tindal, Commissioner of Agriculture	1987-1991
JUDICIAL	
George T. Gregory, Jr., Chief Justice, South Carolina Supreme Court	1988-1994

All of the legislative and executive officials are elected by the State's citizens in general elections. Members of the Supreme Court are elected by the General Assembly.

Organization Chart

June 30, 1988


LEGISLATIVE DEPARTMENT
GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
SENATE
EXECUTIVE DEPARTMENT
GOVERNOR
LIEUTENANT GOVERNOR
SECRETARY OF STATE
COMPTROLLER GENERAL
STATE TREASURER
ATTORNEY GENERAL
SUPERINTENDENT OF EDUCATION
ADJUTANT GENERAL
COMMISSIONER OF AGRICULTURE
JUDICIAL DEPARTMENT
SUPREME COURT
COURT OF APPEALS
CIRCUIT COURT
FAMILY COURT
BUDGET AND CONTROL BOARD
STATE AUDITOR
LEGISLATIVE AGENCIES
EXECUTIVE AND ADMINISTRATIVE AGENCIES
REGULATORY AGENCIES
SOCIAL REHABILITATION SERVICES AGENCIES
CONSERVATION, NATURAL RESOURCES, AND DEVELOPMENT AGENCIES
EDUCATIONAL AGENCIES
HEALTH AGENCIES
CORRECTIONAL AGENCIES
TRANSPORTATION AGENCIES
AUTHORITIES

Financial Section

France-based Michelin Tire Company employs 650 South Carolinians in its Lexington tire-manufacturing plant (at left). The company, which has its U.S. headquarters in Greenville, operates plants in four S. C. counties, and employs more than 4,000 people.

INDEPENDENT AUDITORS' REPORT

KPMG Peat Marwick
Certified Public Accountants

State of South Carolina
Office of the State Auditor

The Honorable Carroll A. Campbell, Jr., Governor
and Members of the General Assembly
State of South Carolina
Columbia, South Carolina

We have jointly audited the general purpose financial statements of the State of South Carolina as of and for the year ended June 30, 1988, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not jointly audit the financial statements of certain component units and agencies, which statements reflect the indicated percent of total assets and total revenues, respectively, of the Special Revenue (36% and 20%), Capital Projects (35% and 97%), Enterprise (99% and 98%), Internal Service (8% and 60%), Pension Trust (100% and 100%), Higher Education (100% and 100%) and Agency (30% of assets) Funds, and General Fixed Assets Account Group (14% of assets). Those financial statements were audited by other auditors, including Peat Marwick Main & Co. acting separately, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and agencies is based solely upon the reports of other auditors. Peat Marwick Main & Co. acting separately has examined 19% and 35% of the total assets and total revenues, respectively, of the Higher Education Funds.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina at June 30, 1988, and the results of its operations and the changes in financial position of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles.

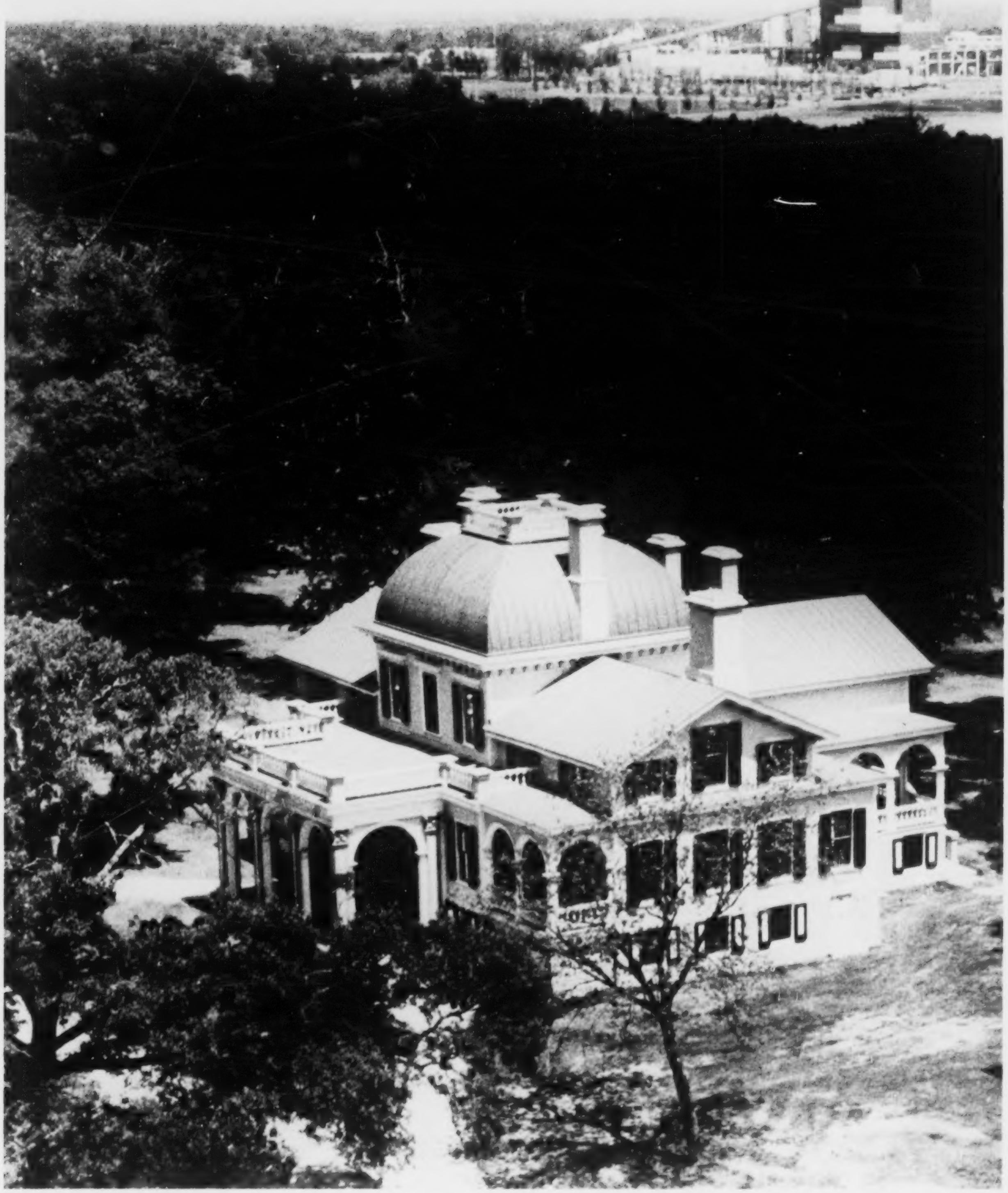
As described in note 2, the State reclassified certain activities from one fund to another to correct fund classifications.

Our joint audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of South Carolina. Such information has been subjected to the auditing procedures applied in the joint audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Peat Marwick Main & Co.

Greenville, South Carolina
December 9, 1988

Columbia, South Carolina
December 9, 1988



The antebellum Kensington Mansion (foreground) was restored concurrently with the construction of Union Camp's new plant (background), on a 4,400-acre rural site near Columbia.

GENERAL PURPOSE FINANCIAL STATEMENTS

(Combined Statements—Overview)

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1988
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
ASSETS					
Cash	$ —	$ —	$ —	$ 9,707	$ 86
Cash on deposit with fiscal agents	—	—	—	—	—
Investments	351,944	349,867	45,124	230,141	198,221
Deferred yield adjustment for security exchanges	—	—	—	—	—
Receivables (net):					
Accounts	18,089	29,306	1,558	70,324	6,492
Taxes	147,090	61,129	—	—	—
Patient and student	—	—	—	—	—
Student loans	—	—	—	70,211	—
Loans and notes	2,600	15,078	—	535,894	31
Due from Federal government and other grantors	5,880	120,523	36,713	6,638	116
Due from other funds	12,790	23,016	60,900	200	8,757
Interfund receivables	8,114	107	—	16,733	1,675
Advances to other funds	13,117	1,979	—	—	12,093
Inventories	7,273	15,915	—	49,591	6,525
Property, plant, and equipment (net)	—	—	—	1,947,552	148,946
Net investment in lease	—	—	—	5,190	—
Restricted assets	—	—	—	330,799	—
Other assets	—	769	—	15,677	4,546
Deferred charges	—	—	—	473,638	—
Amount to be provided for retirement of long-term obligations	—	—	—	—	—
Total assets	$566,897	$617,691	$144,295	$3,762,295	$387,488

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS			
Trust and Agency	General Fixed Assets	General Long-Term Obligations	HIGHER EDUCATION FUNDS	Totals (Memorandum Only)
$ 11,595	$ –	$ –	$ 9,839	$ 31,227
272,908	–	–	–	272,908
6,545,057	–	–	226,180	7,946,534
171,174	–	–	–	171,174
143,829	–	–	540	270,140
46,091	–	–	–	254,310
–	–	–	31,714	31,714
–	–	–	28,462	98,673
304	–	–	181	554,088
351	–	–	14,372	184,593
4,727	–	–	6,650	117,040
–	–	–	–	26,629
–	–	–	–	27,189
3	–	–	15,509	94,816
–	1,237,758	–	1,603,742	4,937,998
–	–	–	–	5,190
–	–	–	–	330,799
1,022	–	–	18,125	40,139
–	–	–	–	473,638
–	–	792,560	–	792,560
$7,197,061	$1,237,758	$792,560	$1,955,314	$16,661,359

Continued on Next Page

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS (Continued)

June 30, 1988
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable and accrued liabilities	$ 77,190	$ 104,644	$ 37,154	$ 153,310	$ 49,843
Tax refunds payable	198,378	313	–	–	–
Intergovernmental payables	64,027	58,830	–	40	–
Insurance claims incurred but not reported	–	–	–	5,384	76,273
Due to other funds	68,648	5,322	1,550	74	–
Interfund payables	10,904	10,520	1,896	116	2,674
Advances from other funds	9,696	239	1,238	2,102	8,236
Deferred revenues and deferred credits	17,038	30,020	663	21,092	16,367
Deposits	–	–	–	4,971	–
Amounts held in custody for others	–	–	–	–	–
Deferred compensation	–	–	–	81	–
Liabilities payable from restricted assets	–	–	–	274	–
Notes payable	–	–	–	404	–
General obligation bond anticipation notes payable	–	–	–	–	–
General obligation bonds payable	–	–	–	–	–
Revenue bonds payable	–	–	–	2,645,740	–
Capital lease and installment debt obligations payable	–	–	–	69,635	71,597
Compensated absences payable	–	–	–	246	1,817
Other liabilities, including retainages payable	2,560	3,339	19,983	90,388	12,763
Total liabilities	448,441	213,227	62,484	2,993,857	239,570
Fund Equity:					
Contributed capital	–	–	–	187,951	71,940
Investment in fixed assets	–	–	–	–	–
Retained earnings:					
Reserved for special purposes	–	–	–	83	–
Unreserved	–	–	–	580,404	75,978
Fund balances:					
Reserved for:					
Pension benefits	–	–	–	–	–
Restricted fund balance	–	–	–	–	–
General fund reserve	86,092	–	–	–	–
U. S. Government grants refundable	–	–	–	–	–
Inventories	7,273	15,915	–	–	–
Advances to other funds	13,117	1,979	–	–	–
Appropriations to be carried forward	64,478	–	–	–	–
Endowment and similar funds	–	–	–	–	–
Long-term loans and notes receivable	2,587	14,605	–	–	–
School building aid	7,147	–	–	–	–
Encumbrances	–	–	–	–	–
Other special purposes	–	–	–	–	–
Unreserved:					
Designated for special purposes	–	93,010	–	–	–
Designated for capital expenditures	–	–	81,811	–	–
Designated for quasi-endowments	–	–	–	–	–
Undesignated	(62,238)	278,955	–	–	–
Total fund equity	118,456	404,464	81,811	768,438	147,918
Total liabilities and fund equity	$566,897	$617,691	$144,295	$3,762,295	$387,488

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals (Memorandum Only)
Trust and Agency	General Fixed Assets	General Long-Term Obligations		
$ 18,684	$ –	$ –	$ 52,190	$ 493,015
838	–	–	–	199,529
96	–	–	–	122,993
–	–	1,701	–	83,358
36,168	–	–	5,278	117,040
–	–	–	519	26,629
–	–	–	5,678	27,189
4,340	–	–	23,182	112,702
3,941	–	–	2,614	11,526
514,972	–	–	971	515,943
254,170	–	–	–	254,251
–	–	–	–	274
–	–	600	11,714	12,718
–	–	–	11,905	11,905
–	–	653,240	16,280	669,520
–	–	–	147,346	2,793,086
–	–	34,338	19,381	194,951
–	–	89,305	34,845	126,213
77	–	13,376	2,547	145,033
833,286	–	792,560	334,450	5,917,875
–	–	–	–	259,891
–	1,237,758	–	1,395,625	2,633,383
–	–	–	–	83
–	–	–	–	656,382
5,984,267	–	–	–	5,984,267
–	–	–	129,586	129,586
–	–	–	–	86,092
–	–	–	11,828	11,828
3	–	–	–	23,191
–	–	–	–	15,096
–	–	–	–	64,478
–	–	–	11,759	11,759
–	–	–	–	17,192
–	–	–	–	7,147
–	–	–	2,077	2,077
–	–	–	166	166
–	–	–	14,923	107,933
–	–	–	–	81,811
–	–	–	12,886	12,886
379,505	–	–	42,014	638,236
6,363,775	**1,237,758**	–	**1,620,864**	**10,743,484**
$7,197,061	**$1,237,758**	**$792,560**	**$1,955,314**	**$16,661,359**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	$2,750,126	$ 562,417	$ 45
Licenses, fees, and permits	44,019	93,839	–
Interest and other investment income	61,887	5,699	4,454
Federal	41,166	987,049	189,394
Departmental services	114,166	91,860	2,007
Contributions	5	7,291	149
Other	12,003	48,423	219
Total revenues	3,023,372	1,796,578	196,268
Expenditures:			
Current:			
General governmental	213,927	18,316	–
Education	161,018	62,605	–
Individual and family services	583,253	733,575	–
Administration of justice	197,334	19,791	–
Resources and economic development	63,744	37,297	–
Transportation	2,379	187,966	–
Miscellaneous	50	–	–
Capital outlay	–	29,252	437,374
Debt service:			
Principal retirement	76,391	1,130	–
Interest and fiscal charges	44,434	250	–
Intergovernmental	1,125,809	516,130	–
Total expenditures	2,468,339	1,606,312	437,374
Revenues over (under) expenditures	555,033	190,266	(241,106)
Other financing sources (uses):			
Proceeds from bonds and notes	–	–	60,000
Lease and installment debt proceeds	30,412	19	–
Operating transfers in	21,565	200	177,481
Operating transfers out	(505,992)	(200,184)	(27,515)
Total other financing sources (uses)	(454,015)	(199,965)	209,966
Revenues and other sources over (under) expenditures and other uses	101,018	(9,699)	(31,140)
Fund balances, July 1, 1987 (restated)	17,820	412,719	118,543
Increases (decreases) in reserve for inventories	(382)	1,444	–
Residual equity transfers in (out)	–	–	(5,592)
Fund balances, June 30, 1988	$ 118,456	$ 404,464	$ 81,811

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPE	
Expendable Trust	Totals (Memorandum Only)
$185,210	$ 3,497,798
2,681	140,539
9,588	81,628
17,454	1,235,063
527	208,560
236	7,681
51,918	112,563
267,614	5,283,832
183,351	415,594
–	223,623
246	1,317,074
–	217,125
334	101,375
–	190,345
–	50
–	466,626
–	77,521
–	44,684
125	1,642,064
184,056	4,696,081
83,558	587,751
–	60,000
–	30,431
1,616	200,862
(116)	(733,807)
1,500	(442,514)
85,058	145,237
293,898	842,980
(6)	1,056
–	(5,592)
$378,950	$ 983,681

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Admissions tax	$ 7,000	$ 7,065	$ 65
Aircraft tax	585	1,356	771
Alcoholic liquors tax	48,599	46,463	(2,136)
Bank tax	6,700	7,674	974
Beer and wine tax	69,000	67,655	(1,345)
Business license tax	30,900	30,614	(286)
Cable television fees	1	–	(1)
Coin-operated device tax	10,785	7,818	(2,967)
Commercial nuclear waste tax	8,125	5,304	(2,821)
Contractors' license tax	1,321	1,336	15
Corporation income tax	224,320	196,187	(28,133)
Corporation license tax	32,500	29,217	(3,283)
Department of Agriculture	6,011	6,105	94
Departmental revenue (primarily grant revenues and fees for services)	31,498	39,781	8,283
Documentary tax	16,000	11,506	(4,494)
Earned on investments	64,000	64,820	820
Education Improvement Act–1% sales tax	–	–	–
Education Improvement Act–investment earnings	–	–	–
Education Improvement Act–other	–	–	–
Electric power tax	15,150	19,617	4,467
Estate tax	25,600	31,843	6,243
Excise tax–casual sales	8,250	8,246	(4)
Fertilizer inspection tax	220	150	(70)
Gasoline tax–counties	17,800	17,157	(643)
Gift tax	3,775	4,148	373
Individual income tax	1,068,600	1,142,105	73,505
Insurance tax	78,164	83,961	5,797
Miscellaneous sources	66,487	79,363	12,876
Motor transport fees	5,365	5,265	(100)
Private car lines tax	1,300	1,124	(176)
Public service assessment	4,428	3,675	(753)
Public Service Authority	3,000	4,092	1,092
Radioactive waste surcharge	4,000	4,195	195
Retail sales tax (4%)	993,630	997,889	4,259
Retailers license tax	1,360	928	(432)
Savings and loan association tax	100	114	14
Soft drinks tax	20,850	19,564	(1,286)
Workers' compensation insurance tax	10,595	15,281	4,686
Total revenues	2,886,019	2,961,618	75,599
Expenditures:			
Legislative	27,872	23,268	4,604
Judicial	22,905	22,367	538
Executive and administrative	179,474	148,663	30,811
Educational	1,507,246	1,492,452	14,794
Health	397,802	392,621	5,181
Social rehabilitation services	101,183	95,503	5,680
Correctional	177,658	175,303	2,355
Conservation, natural resources, and development	107,483	100,954	6,529
Regulatory	62,729	60,984	1,745
Transportation	4,179	2,493	1,686
Debt service	119,469	119,415	54
Miscellaneous	211,349	207,344	4,005
Highway Department	1,243	1,243	–
Total expenditures	2,920,592	2,842,610	77,982
Excess of revenues over (under) expenditures	(34,573)	119,008	153,581
Budgetary fund balances, July 1, 1987 (as restated)	94,726	94,726	–
Budgetary fund balances, June 30, 1988	$ 60,153	$ 213,734	$153,581

The Notes to the Financial Statements are an integral part of this statement.

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
$ 4,282	$ 4,915	$ 633	$ 11,282	$ 11,980	$ 698
–	–	–	585	1,356	771
519	511	(8)	49,118	46,974	(2,144)
–	–	–	6,700	7,674	974
–	–	–	69,000	67,655	(1,345)
–	–	–	30,900	30,614	(286)
–	–	–	1	–	(1)
–	–	–	10,785	7,818	(2,967)
–	–	–	8,125	5,304	(2,821)
–	–	–	1,321	1,336	15
–	–	–	224,320	196,187	(28,133)
–	–	–	32,500	29,217	(3,283)
3,007	2,162	(845)	9,018	8,267	(751)
2,940,259	2,752,438	(187,821)	2,971,757	2,792,219	(179,538)
626	620	(6)	16,626	12,126	(4,500)
6,824	6,361	(463)	70,824	71,181	357
250,470	250,435	(35)	250,470	250,435	(35)
1,800	1,680	(120)	1,800	1,680	(120)
1,175	540	(635)	1,175	540	(635)
–	–	–	15,150	19,617	4,467
–	–	–	25,600	31,843	6,243
–	–	–	8,250	8,246	(4)
–	–	–	220	150	(70)
–	–	–	17,800	17,157	(643)
–	–	–	3,775	4,148	373
–	–	–	1,068,600	1,142,105	73,505
–	–	–	78,164	83,961	5,797
41,781	33,474	(8,307)	108,268	112,837	4,569
–	–	–	5,365	5,265	(100)
–	–	–	1,300	1,124	(176)
–	–	–	4,428	3,675	(753)
–	–	–	3,000	4,092	1,092
–	–	–	4,000	4,195	195
1	–	(1)	993,631	997,889	4,258
–	–	–	1,360	928	(432)
–	–	–	100	114	14
–	–	–	20,850	19,564	(1,286)
–	–	–	10,595	15,281	4,686
3,250,744	3,053,136	(197,608)	6,136,763	6,014,754	(122,009)
1,171	697	474	29,043	23,965	5,078
130	130	–	23,035	22,497	538
221,688	168,846	52,842	401,162	317,509	83,653
1,142,444	1,028,849	113,595	2,649,690	2,521,301	128,389
774,411	717,087	57,324	1,172,213	1,109,708	62,505
413,310	345,984	67,326	514,493	441,487	73,006
93,059	82,398	10,661	270,717	257,701	13,016
77,944	68,264	9,680	185,427	169,218	16,209
59,938	49,039	10,899	122,667	110,023	12,644
1,339	958	381	5,518	3,451	2,067
–	–	–	119,469	119,415	54
364	363	1	211,713	207,707	4,006
560,877	620,353	(59,476)	562,120	621,596	(59,476)
3,346,675	3,082,968	263,707	6,267,267	5,925,578	341,689
(95,931)	(29,832)	66,099	(130,504)	89,176	219,680
384,858	384,858	–	479,584	479,584	–
$ 288,927	$ 355,026	$ 66,099	$ 349,080	$ 568,760	$ 219,680

Combined Statement of Revenues, Expenses, and Changes in Fund Equity

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Operating revenues:		
Charges for services	$564,833	$339,594
Contributions	151	21,977
Interest and other investment income	71,020	14,376
Other operating revenues	5,604	235
Total operating revenues	641,608	376,182
Operating expenses:		
General operations and administration	337,270	96,650
Benefits and claims	4,460	261,466
Interest	59,090	–
Depreciation and amortization	84,720	12,603
Costs to be recovered from future revenues	(27,432)	–
Other operating expenses	3,764	28,273
Total operating expenses	461,872	398,992
Operating income (loss)	179,736	(22,810)
Nonoperating revenues (expenses):		
Interest income	28,237	3,455
Federal revenue	14,970	74
Interest expense	(149,193)	(9,596)
Other nonoperating revenues (expenses)	(11,237)	417
Total nonoperating revenues (expenses)	(117,223)	(5,650)
Income (loss) before operating transfers	62,513	(28,460)
Operating transfers in	2,341	5,769
Operating transfers out	(3,029)	(201)
Net income (loss)	61,825	(22,892)
Retained earnings/fund balances, July 1, 1987 (restated)	518,662	98,870
Retained earnings/fund balances, June 30, 1988	580,487	75,978
Contributed capital, July 1, 1987 (restated)	185,361	63,129
Additions to contributed capital	2,591	9,081
Deductions from contributed capital	(1)	(270)
Fund equity, June 30, 1988	$768,438	$147,918

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		
Nonexpendable Trust	Pension Trust	Totals (Memorandum Only)
$ –	$ –	$ 904,427
–	424,413	446,541
–	534,655	620,051
–	–	5,839
–	959,068	1,976,858
–	–	433,920
–	285,463	551,389
–	–	59,090
–	–	97,323
–	–	(27,432)
–	–	32,037
–	285,463	1,146,327
–	673,605	830,531
6	–	31,698
–	–	15,044
–	–	(158,789)
(6)	–	(10,826)
–	–	(122,873)
–	673,605	707,658
–	8,067	16,177
–	(4,206)	(7,436)
–	677,466	716,399
558	5,306,801	5,924,891
558	5,984,267	6,641,290
–	–	248,490
–	–	11,672
–	–	(271)
$558	$5,984,267	$6,901,181

Combined Statement of Changes in Financial Position

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Sources of working capital:		
Operations:		
Net income (loss)	$ 61,825	$ (22,892)
Items not requiring (providing) working capital:		
Depreciation and amortization	84,720	12,603
Loss on disposition of property and equipment	286	389
Other	(8,011)	6,181
Total sources (uses) from operations	138,820	(3,719)
Decreases in student loans receivable, net	12,131	–
Decreases in loans and notes receivable, net	16,416	31
Decreases in advances to other funds	–	1,953
Decreases in restricted assets	50,508	–
Increases in deferred revenues and deferred credits	149	–
Increases in notes payable	192	–
Increases in other long-term liabilities	–	9,803
Proceeds on disposal of property and equipment	–	233
Additions to contributed capital	2,585	5,916
Total sources of working capital	220,801	14,217
Uses of working capital:		
Increases in long-term investments	1,541	29,441
Increases in net investment in lease	5,190	–
Increases in other long-term assets	2,743	–
Increases in deferred charges	22,847	–
Decreases in accrued liabilities	2,891	–
Decreases in advances from other funds	228	2,527
Decreases in deferred compensation	19	–
Reductions of revenue bonds payable	32,558	–
Reductions of capital lease and installment debt obligations–long-term	2,452	6,760
Decreases in other long-term liabilities	4,174	–
Acquisitions of property and equipment	115,695	17,617
Total uses of working capital	190,338	56,345
Net increases (decreases) in working capital	$ 30,463	$(42,128)

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		
Nonexpendable Trust	Pension Trust	Totals (Memorandum Only)
$ —	$ 677,466	$716,399
—	—	97,323
—	—	675
—	—	(1,830)
—	677,466	812,567
—	—	12,131
—	—	16,447
—	—	1,953
7	—	50,515
—	—	149
—	—	192
—	—	9,803
—	—	233
—	—	8,501
7	677,466	912,491
3	746,425	777,410
—	—	5,190
—	—	2,743
—	—	22,847
—	—	2,891
—	—	2,755
—	—	19
—	—	32,558
—	—	9,212
7	—	4,181
—	—	133,312
10	746,425	993,118
$(3)	$ (68,959)	$(80,627)

Continued on Next Page

Combined Statement of Changes in Financial Position

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS (Continued)

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Components of net increases (decreases) in working capital:		
Cash	$ 9,707	$ 86
Cash on deposit with fiscal agents	(21,589)	–
Investments	11,180	12,522
Deferred yield adjustment for security exchanges	–	–
Accounts receivable, net	(3,047)	(1,670)
Patient and student receivables	(127)	–
Loans and notes receivable--current portion	39	17
Due from Federal government and other grantors	2,013	69
Due from other funds	(3,795)	(2,603)
Interfund receivables	16,733	1,675
Inventories	12,031	373
Other current assets	8,607	(426)
Deferred charges	(185)	–
Accounts payable and accrued liabilities	(3,011)	(13,557)
Intergovernmental payables	184	–
Insurance claims incurred but not reported	–	(25,989)
Due to other funds	(9)	80
Interfund payables	(116)	(2,674)
Deferred revenues and deferred credits	(374)	(8,894)
Deposits	(281)	–
Liabilities payable from restricted assets	(41)	–
Notes payable	(55)	–
Revenue bonds payable	20,260	–
Capital lease and installment debt obligations--current	185	(626)
Compensated absences payable	23	(170)
Other current liabilities	(17,869)	(341)
Net increases (decreases) in working capital	$ 30,463	**$(42,128)**

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		
Nonexpendable Trust	Pension Trust	Totals (Memorandum Only)
$ 2	$ 1,481	$ 11,276
–	–	(21,589)
–	(37,396)	(13,694)
–	(30,302)	(30,302)
(2)	16,907	12,188
–	–	(127)
–	–	56
–	–	2,082
(3)	(3,086)	(9,487)
–	41	18,449
–	–	12,404
–	–	8,181
–	–	(185)
–	(16,563)	(33,131)
–	–	184
–	–	(25,989)
–	–	71
–	(41)	(2,831)
–	–	(9,268)
–	–	(281)
–	–	(41)
–	–	(55)
–	–	20,260
–	–	(441)
–	–	(147)
–	–	(18,210)
$(3)	$(68,959)	$(80,627)

Combined Statement of Changes in Fund Balances

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	CURRENT FUNDS		
	Unrestricted	Restricted	LOAN FUNDS
Revenues and other additions:			
Unrestricted Current Fund revenues	$ 492,909	$ –	$ –
Restricted student tuition and fees	–	400	–
Federal grants and contracts--restricted	–	96,181	1,378
State grants--restricted	–	5,300	–
Private gifts, grants, and contracts--restricted	–	27,989	5
Investment income--restricted	–	1,546	87
Realized investment gains--unrestricted	–	–	–
Realized investment gains--restricted	–	–	–
Interest earned	–	663	705
Expended for plant facilities	–	–	–
Retirement of indebtedness	–	–	–
Proceeds of bond refunding	–	–	–
Other revenues and additions	–	2,555	494
Total revenues and other additions	492,909	134,634	2,669
Expenditures and other deductions:			
Educational and general	729,730	123,730	–
Auxiliary enterprises	112,773	1,257	–
Hospital	122,069	147	–
Indirect costs recovered	–	10,429	–
Loan cancellation and bad debt write-offs	–	–	283
Administration and collection costs	–	–	448
Expended for plant facilities	–	–	–
Retirement of indebtedness	–	–	–
Interest on indebtedness	–	–	–
Disposal of plant facilities	–	–	–
Payment to refunded bond escrow agent	–	–	–
Other expenditures and deductions	808	37	141
Total expenditures and other deductions	965,380	135,600	872
Transfers in (out):			
Transfers among Higher Education Funds:			
Mandatory transfers for:			
Principal and interest	(21,493)	(400)	–
Renewals and replacements	(2,059)	–	–
Loan fund matching grant	(125)	(11)	136
Other	(79)	79	–
Nonmandatory transfers	3,582	(358)	107
Operating transfers in	492,834	3,855	–
Total transfers in (out)	472,660	3,165	243
Net increases (decreases) in fund balances	189	2,199	2,040
Fund balances, July 1, 1987	51,619	19,914	31,346
Fund balances, June 30, 1988	$ 51,808	$ 22,113	$33,386

The Notes to the Financial Statements are an integral part of this statement.

ENDOWMENT AND SIMILAR FUNDS	PLANT FUNDS				Totals
	Unexpended	Renewal and Replacements	Retirement of Indebtedness	Investment in Plant	
$ –	$ –	$ –	$ –	$ –	$ 492,909
–	1,914	–	5,364	–	7,678
900	1,444	–	294	140	100,337
–	11	–	–	248	5,559
1,889	1,671	–	318	22,828	54,700
29	2,905	615	2,309	–	7,491
4	13	–	–	–	17
781	61		236	–	1,078
11	518		657	–	2,554
–	–	–	–	91,572	91,572
–	936	–	–	12,255	13,191
–	–	–	14,865	–	14,865
–	5,870	1,352	4,172	1,074	15,517
3,614	15,343	1,967	28,215	128,117	807,468
–	–	–		–	853,460
–	–				114,030
–	–	–	–	–	122,216
–	–		–	–	10,429
–	–	–	–	–	283
–	–	–	–		448
–	53,337	5,924	–	–	59,261
–	–	–	11,336	–	11,336
–	–	–	13,251	–	13,251
–	–	–	–	19,174	19,174
–	–	–	17,963	–	17,963
175	1,449	1	526	1,596	4,733
175	54,786	5,925	43,076	20,770	1,226,584
–	(73)	–	21,966	–	–
–	–	2,190	(131)	–	–
–	–	–		–	–
–	–	–	–	–	–
226	17,237	(136)	(11,820)	(8,838)	–
–	25,627	1,888	–	–	524,204
226	42,791	3,942	10,015	(8,838)	524,204
3,665	3,348	(16)	(4,846)	98,509	105,088
21,005	42,883	10,105	41,788	1,297,116	1,515,776
$24,670	$46,231	$10,089	$36,942	$1,395,625	$1,620,864

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Unrestricted	Restricted	Totals
Revenues:			
Tuition and fees	$ 178,622	$ 400	$ 179,022
Federal grants and contracts	19,535	88,166	107,701
State grants and contracts	1,410	5,763	7,173
Local grants and contracts	10,262	580	10,842
Private gifts, grants, and contracts	5,591	25,877	31,468
Endowment income	296	1,433	1,729
Sales and services of educational departments	26,875	609	27,484
Sales and services of auxiliary enterprises	122,928	133	123,061
Sales and services of hospitals	108,013	158	108,171
Other	19,377	2,347	21,724
Total current revenues	492,909	125,466	**618,375**
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	338,500	21,421	359,921
Research	36,657	43,766	80,423
Public service	56,036	17,790	73,826
Academic support	66,158	3,027	69,185
Student services	39,751	4,506	44,257
Institutional support	108,120	1,587	109,707
Operation and maintenance of plant	83,050	217	83,267
Scholarships and fellowships	1,458	31,416	32,874
Educational and general expenditures	729,730	123,730	853,460
Mandatory transfers for:			
Principal and interest	4,999	400	5,399
Loan fund matching grant	125	11	136
Other	79	(79)	–
Total educational and general	734,933	124,062	858,995
Auxiliary enterprises:			
Expenditures	112,773	1,257	114,030
Mandatory transfers for:			
Principal and interest	8,865	–	8,865
Renewals and replacements	2,059	–	2,059
Total auxiliary enterprises	123,697	1,257	124,954
Hospital:			
Expenditures	122,069	147	122,216
Mandatory transfers for principal and interest	7,629	–	7,629
Total hospital	129,698	147	129,845
Total expenditures and mandatory transfers	988,328	125,466	**1,113,794**
Other transfers and additions (deductions):			
Excess of restricted receipts over transfers to revenues	–	2,337	2,337
Operating transfers from the State General Fund	490,736	844	491,580
Other transfers and additions (deductions)	4,872	(982)	3,890
Net increase in fund balances	**$ 189**	**$ 2,199**	**$ 2,388**

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

These financial statements include all component units over which the State's elected officials exercise significant oversight responsibility. Financial interdependency is the most important element of oversight responsibility. However, the following also were considered in determining the scope of the reporting entity:

Selection of governing authority
Designation of management
Ability to significantly influence operations
Accountability for fiscal matters
Related organization's inclusion in, or exclusion from, audited component unit financial statements

Based on the above criteria, the following significant component units are included in these financial statements:

State-supported colleges/universities
Area technical colleges
The State's four retirement systems
State Housing Finance and Development Authority
South Carolina Public Service Authority (Santee-Cooper)
State Ports Authority
Public Railways Commission (and Tangent Transportation Company) for its fiscal year ended December 31, 1987
State Education Assistance Authority and Student Loan Corporation
South Carolina Research Authority
Patriots' Point Development Authority
South Carolina Deferred Compensation Plans for its fiscal year ended December 31, 1987
The State Health Insurance Program
The Local Government Investment Pool

The audited component unit financial statements of several State component units exclude certain related foundations; accordingly, they are excluded from these financial statements.

b. Basis of Presentation--Fund Accounting

The State uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

Governmental Funds finance most of the State's governmental functions. The measurement focus of the Governmental Funds is on sources, uses, and balances of financial resources.

The General Fund is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes.

Capital Projects Funds account for resources to acquire major capital facilities for use by the General Fund and Special Revenue Funds, including planning/construction of the State's highway system.

Debt Service Funds are not used because the State does not accumulate resources to pay future years' general long-term obligations. Instead, the State finances such payments directly from the current year's resources.

Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

Enterprise Funds account for business-like State activities that provide goods/services to the public financed primarily through user charges.

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-allocation basis.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units. Both principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. Only the earnings, but not the principal, of Nonexpendable Trust Funds may be expended.

Expendable Trust Funds have the same measurement focus as Governmental Funds. Nonexpendable Trust and Pension Trust Funds have the same measurement focus as Proprietary Funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

The General Fixed Assets Account Group includes all fixed assets other than those accounted for in the Proprietary and Higher Education Funds.

Notes to the Financial Statements

The General Long-Term Obligations Account Group accounts for all long-term obligations not accounted for in the Proprietary and Higher Education Funds. Long-term obligations include bonds, notes, capital leases, compensated absences, and claims/judgments.

c. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses and related assets and liabilities, regardless of measurement focus.

Governmental, Expendable Trust, and Agency Funds

The modified accrual basis is used to report the Governmental, Expendable Trust, and Agency Funds. Under the modified accrual basis, revenues are recorded when they become susceptible to accrual (i.e., both measurable and available). Except for entitlements and unemployment insurance taxes, revenues are deemed available at year-end only if received within one month following year-end. Unemployment insurance taxes in the Expendable Trust Funds are deemed available at year-end only if received within forty-five days following year-end. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Individual income taxes in the hands of employers, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Non-delinquent corporate income taxes, fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are recorded when goods or services are received, except for principal and interest on obligations reflected in the General Long-Term Obligations Account Group, which are recorded when due, and compensated absences, which are recorded when paid.

Proprietary, Nonexpendable Trust, and Pension Trust Funds

The State uses the accrual basis of accounting to report activity of the Proprietary, Nonexpendable Trust, and Pension Trust Funds. Under the accrual basis of accounting, the State recognizes revenues when earned and expenses when incurred.

The Public Service Authority, an Enterprise Fund, is a regulated utility. Accordingly, the Authority uses accounting principles established by the Federal Energy Regulatory Commission which allow the Authority to defer certain costs to be recovered in future years through the rate-setting process. Under those accounting principles, the Authority amortizes significant gains/losses on refunding debt issues over the life of the new issues rather than recognizing the gain/loss as an extraordinary item at the date of refunding.

Grant/Entitlement Revenues

The State recognizes grants, including non-cash support, as revenue when the State has incurred grant costs and has met all related grant requirements (such as matching requirements). Food stamps totaling $156.7 million represent the largest source of non-cash support. In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

Pending determination of which funds are to be financed, grant/entitlement funds to be distributed to other State agencies are accounted for in Agency Funds. At June 30, 1988, approximately $2 million was being held in Agency Funds pending such determination.

d. Pooling of Cash and Investments

The State keeps certain monies in a pooled general deposit account and records each fund's equity interest in the pool. All earnings on these monies, however, are recorded in the General Fund. The State segregates other monies (including those of the Pension Trust Funds) into various special deposit accounts. Each special deposit account retains its own earnings.

e. Investments and Deferred Yield Adjustment for Security Exchanges

Investments are valued at amortized cost using the effective interest method to amortize bond premiums/discounts over the time from purchase to maturity, except for deferred compensation plans' investments which are valued at the value of the underlying insurance contracts.

Additionally, gains and losses on bond exchanges in the Pension Trust Funds are accounted for under the deferral and amortization method. Net gains and losses on bond exchanges are deferred and amortized on a straight-line basis over the shorter of the life of the bond sold or purchased. The unamortized amount is reported as a deferred yield adjustment for security exchanges on the Combined Balance Sheet. Gains or losses arising from non-exchange bond transactions are not deferred; they are recognized in the current year.

f. Receivables

Receivables are stated net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

g. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The Governmental and Expendable Trust Funds use the purchases method while the Proprietary Funds use the consumption method.

Notes to the Financial Statements

h. Fixed Assets and Depreciation

Fixed assets are valued at historical cost or at estimated historical cost if actual historical cost data are not available. Donated fixed assets are recorded at fair market value on the donation date.

Governmental and Expendable Trust Funds

Governmental and Expendable Trust Funds record expenditures when they acquire fixed assets and capitalize those assets in the General Fixed Assets Account Group. The General Fixed Assets Account Group records neither depreciation nor capitalization of interest expenditures during construction. The State does not record its public domain (infrastructure) assets in the General Fixed Assets Account Group.

Proprietary and Nonexpendable Trust Funds

Proprietary and Nonexpendable Trust Funds capitalize fixed assets when acquired. Net interest costs are capitalized on projects during the construction period. Depreciation is provided using the straight-line method over the following estimated useful lives:

Asset	Years
Land improvements	3-75
Buildings, improvements, and utility plant	5-50
Machinery, equipment, and other	2-25

i. Deferred Charges

Unamortized loss on refunded debt and deferred costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility) are recorded as deferred charges in the Enterprise Funds.

j. Tax Refunds Payable

During the calendar year, the State collects employee withholdings and taxpayers' payments for personal income taxes. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. This estimated payable is recorded as Tax Refunds Payable and a reduction of Tax Revenues.

k. Compensated Employee Absences

During their first ten years of service, full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for accumulated sick leave when they terminate.

The General and Special Revenue Funds record expenditures when they pay employees for leave, and the cost of accumulated vacation leave is recorded in the General Long-Term Obligations Account Group. For Proprietary Funds, the cost of vacation leave is recorded as an expense and a liability when earned by the employee.

l. Interfund Transactions

The State accounts for the following types of interfund transactions:

Interfund loans may occur between two State funds. Short-term interfund loans outstanding at year-end are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements result when one fund makes an expenditure on behalf of another fund. The reimbursement transaction reduces expenditure in the reimbursed fund and increases expenditure in the reimbursing fund.

Quasi-external transactions involve charges for goods or services that one fund delivers or provides to another. These transactions may result in the recording of short-term receivables or payables (Due From or To Other Funds) at year-end.

Residual equity transfers are nonroutine or nonrecurring transfers between funds.

Operating transfers include all interfund transactions that are not loans, reimbursements, quasi-external transactions, or residual equity transfers.

The State eliminates material intrafund transactions and interfund transactions that occur within a single combined financial statement fund type.

m. Risk Management

Several funds accumulate assets to cover risks that the State incurs in its normal operations. Specifically, the State itself (rather than an insurance carrier) assumes substantially all risks associated with:

Claims of State employees for unemployment compensation benefits
Claims of covered employees for workers' compensation and Second Injury Fund benefits
Claims of covered public employees for health insurance, dental insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)
Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

Real property including public buildings, local public schools, and their contents

Notes to the Financial Statements

Motor vehicles, school buses, and aircraft
General tort claims that parties may file against the State or its political subdivisions
Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these liabilities.

The State has recorded liabilities both for claims known but not paid and for claims incurred but not reported at June 30 in its risk management funds, which are reported primarily as Proprietary Funds.

n. Discrete Presentation--Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. These funds use generally accepted accounting principles that apply to colleges and universities. The Higher Education Funds are presented in a separate column on the Combined Balance Sheet as a discrete presentation. The Combined Statement of Changes in Fund Balances--Higher Education Funds presents the following fund types:

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are Unrestricted Current Funds.

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

Endowment and Similar Funds account for endowment and quasi-endowment transactions. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

Plant Funds account for transactions involving physical properties of the higher education institutions. The Unexpended Plant subgroup accounts for monies that institutions will use to acquire physical properties in future accounting periods. The Renewal and Replacements subgroup accounts for monies the institutions have set aside for the renewal and replacement of institutional properties. Monies in the Retirement of Indebtedness subgroup include amounts to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus has invested in) their properties and any related outstanding debt.

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

The Combined Statement of Current Funds Revenues, Expenditures, and Other Changes--Higher Education Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Cash draws of the higher education institutions appear as expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds. On all other combined operating statements, however, the institutions' cash draws from the General Fund appear as Operating Transfers from the General Fund to the Higher Education Funds.

The measurement focus in the Higher Education Funds is upon determination of resources received and used. The Higher Education Funds use the accrual basis except that depreciation of fixed assets is not recorded. Current Funds used to finance plant assets are accounted for as (1) expenditures, for normal replacement of movable equipment and library books; (2) mandatory transfers, for required provisions for debt amortization/interest and equipment renewal and replacement; and (3) transfers of a nonmandatory nature for all other cases.

Higher Education Funds record expenditures when they acquire fixed assets and capitalize those assets within their Plant Funds. These funds capitalize interest expenditures during construction but do not record depreciation.

Higher Education Funds use the consumption method of recording inventories.

o. Totals (Memorandum Only) Columns

Amounts in the "Totals--Memorandum Only" columns represent an aggregation of the combined financial statement line-items to facilitate financial analysis. Amounts in the "Totals--Memorandum Only" columns are not comparable to a consolidation.

NOTE 2: RECLASSIFICATIONS

During the fiscal year ended June 30, 1988, the State reclassified certain activities from one fund to another to correct fund classifications. The following schedules detail the restatements (expressed in thousands) made to fund equity as of June 30, 1987, to give retroactive effect to these changes:

Notes to the Financial Statements

a. Fund Balances and Retained Earnings

	General	Special Revenue	Capital Projects	Enterprise	Internal Service
June 30, 1987, fund balances and retained earnings as previously reported	$18,199	$319,391	$197,416	$523,649	$106,549
To reclassify highway maintenance projects	–	92,937	(92,937)	–	–
To accrue Highway Department revenue	–	185	14,064	–	–
To correct fund classification of certain Highway Department activities	–	584	–	–	(523)
To reclassify certain Highway Department retained earnings to contributed capital	–	–	–	–	(4,894)
To reclassify certain Research Authority retained earnings to contributed capital	–	–	–	(4,987)	–
To record lease proceeds and lease obligation in the Information Resources Management Fund	–	–	–	–	1,170
To record accounts payable and correct overstatement of fixed assets in the Information Resources Management Fund	–	–	–	–	(4,189)
To reclassify certain activities of the Interfund Loan Sinking Fund and General Fund to the General Services Fund	(379)	(378)	–	–	757
June 30, 1987, fund balances and retained earnings as restated	$17,820	$412,719	$118,543	$518,662	$98,870

b. Contributed Capital

	Enterprise	Internal Service
June 30, 1987, contributed capital as previously reported	$180,374	$52,607
To reclassify certain Research Authority retained earnings to contributed capital	4,987	
To reclassify certain fixed assets from the General Fixed Assets Account Group to the General Services Fund	–	5,628
To reclassify certain Highway Department retained earnings to contributed capital	–	4,894
June 30, 1987, contributed capital as restated	$185,361	$63,129

c. Budgetary Fund Equity

	Budgetary General Fund	Other Budgeted Funds	Total Budgeted Funds
June 30, 1987, budgetary fund equity as previously reported	$89,661	$385,377	$475,038
Reclassification of activity from unbudgeted to budgeted	–	3,900	3,900
Other corrections	5,065	(4,419)	646
June 30, 1987, budgetary fund equity as restated	$94,726	$384,858	$479,584

NOTE 3: BUDGETARY ACCOUNTING AND REPORTING

a. Budgetary Funds

South Carolina's Appropriation Act does not present budgets by GAAP fund. Instead, it presents budgets for:

General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund.

Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most Federal and department-generated resources. Total Funds include some Proprietary and Capital Project Fund activities but exclude Pension Trust Funds and most other Trust and Agency Fund activities.

The accompanying financial statements include a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds. The Budgetary General Fund category on that statement corresponds to the General Funds column in the Appropriation Act. The Other Budgeted Funds category represents the difference between the Total Funds and the General Funds columns in the Appropriation Act.

b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended Budgetary General Fund appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

State law does not precisely define the budgetary basis of accounting. In practice, however, it is the cash basis with the following exceptions: (1) departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 22, and (2) several types of revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.

c. Budgetary Policies

State law does not require the use of encumbrance accounting. Neither the General Fund nor the Budgetary General Fund, therefore, records encumbrances or a reserve for encumbrances. Instead, the General Fund records the authorized appropriations to be carried forward as a reserve of fund balance.

The State maintains budgetary control at the level of major object class of expenditure within each program of each department or agency. All departments and agencies except the higher education institutions and the Department of Highways and Public Transportation process their disbursement vouchers through a central budgetary accounting system maintained by the Comptroller General's Office. Departments and agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriations exist. The State's 1987-88 Appropriation Act has approximately 6,000 appropriated line items. These line items constitute the level of legal control over expenditures. The level of legal control for all agencies is reported in a publication of the State Comptroller General's Office titled "A Detailed Report of Appropriations and Expenditures," not included herein. Departments and agencies may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. No such transfer request, however, may exceed twenty percent of the program budget. The Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve such requests.

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The 1987-88 Appropriation Act directed the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if necessary to prevent a deficit. Likewise, the Budget and Control Board may approve increases or decreases in the Budgetary General Fund's estimated revenues during the year.

For Other Budgeted Funds, the annual Appropriation Act presents estimated revenue amounts only for Education Improvement Act and highway revenues. The Budget and Control Board, however, provides estimated revenue amounts for the other resources in these funds. The Appropriation Act includes all appropriation amounts for these funds.

As operating conditions change, departments and agencies may request revisions of estimated revenues and expenditures in Other Budgeted Funds. Such changes require the Governor's approval, the Joint Appropriation Review Committee's concurrence, and the Budget and Control Board's review. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects that the General Assembly did not specifically authorize. The Budget and Control Board and the Joint Bond Review Committee must approve and review these changes.

During June 1988, the General Assembly enacted a $52.6 million 1987-88 Supplemental Appropriation Act effective August 1, 1988, subject to the availability of sufficient funds (on the budgetary basis of accounting). Sufficient funds were available. This amount is included in Reserved for Appropriations to be Carried Forward.

d. Excess of Expenditures Over Appropriations

At the level of legal control, the following had expenditures which exceeded appropriations in the Other Budgeted Funds (expressed in thousands) at June 30, 1988:

Department of Highways and Public Transportation......	$59,476
Higher education institutions......	30,702

These component units are among those which have the authority under State law to maintain their own accounting systems and had sufficient budgetary-basis revenue and cash to provide for all of their expenditures.

e. Legal Limit On Appropriations

State law imposes a ceiling on appropriations for general, school, and highway purposes. The limit equals the greater of: (1) the limit for the last fiscal year increased by the average percentage rate of growth in State personal income for the previous three completed calendar years, or (2) 9.5% of the total personal income of the State for the last completed calendar year.

The 1987-88 Appropriation Act included appropriations of $3.210 billion for general, school, and highway purposes--$381.5 million less than the legal limit.

f. Legal Limit on Number of State Employees

The State's Constitution and statutes limit the number of employees that the Budgetary General Fund may fund. The number of these employees may not increase faster than the State's population. On June 30, 1988, 35,789 employees were funded by the State's Budgetary General Fund--6,314 fewer than the legal limit.

g. Reconciliation of Budget/GAAP Reporting Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess

Notes to the Financial Statements

of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 1988, were:

	Financial Statement Fund Types								
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	Nonexpendable Trust	Agency	Higher Education
Classification of budgetary excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources into GAAP fund structure:									
Budgetary General Fund	$119,008	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Other Budgeted Funds	2,030	(14,002)	(7,255)	(136)	(1,472)	58	1	(130)	(8,926)
Totals	121,038	(14,002)	(7,255)	(136)	(1,472)	58	1	(130)	(8,926)
Timing differences	–	–	–	–	–	–	–	–	2,077
Basis differences	(14,115)	6,623	9,163	7,043	12,784	(9)	–	130	9,454
To record excess of revenues and other financial resources over (under) expenditures and other uses of financial resources for unbudgeted accounts	(5,905)	(2,320)	(33,048)	54,918	(34,204)	85,009	(1)	–	102,483
GAAP financial statement excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources	$101,018	$(9,699)	$(31,140)	$61,825	$(22,892)	$85,058	$ –	$ –	$105,088

NOTE 4: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those which by specific authority are under the control of other component units, primarily the Public Service Authority.

a. Deposits

Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. Certificates of deposit are classified as Investments on the Combined Balance Sheet. At June 30, 1988, the carrying amount of the State's deposits was $619.5 million with corresponding bank balances of $710.7 million. Of the bank balance, $576.0 million was covered by Federal depository insurance or by collateral held by the State or by its agent in the State's name, $0.9 million was collateralized with securities held by the pledging financial institution's trust department or agent in the State's name, and $133.8 million was uncollateralized. In comparison to $304.1 million reported as Cash and Cash on Deposit with Fiscal Agents in the Combined Balance Sheet, the carrying amount of the State's deposits of $619.5 million includes $219.8 million in certificates of deposit which are reported as Investments on the Combined Balance Sheet and $95.6 million of deposits reported as Restricted Assets.

b. Investments

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

The State classifies its investments into three risk categories. Category 1 includes investments that were insured or registered or for which the securities were held by the State or its agent in the State's name and investments for which the State has safekeeping responsibilities but no equity or ownership interest or control. Category 2 includes uninsured and unregistered investments for which the securities were held by the broker's/dealer's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the State's name. The State's investments by risk category (expressed in thousands) at June 30, 1988, were:

Notes to the Financial Statements

	Category 1	Category 2	Category 3	Carrying Value	Market Value
U.S. Government securities	$5,260,616	$31,535	$ 4,799	$5,296,950	$5,681,886
Corporate bonds	1,622,459	14,415	–	1,636,874	1,639,748
Repurchase agreements	385,698	1,564	2,609	389,871	389,871
State institution and mortgage-backed securities	240,309	–	–	240,309	242,211
Other	141,263	1,265	255,399	397,927	401,163
Totals	**$7,650,345**	**$48,779**	**$262,807**	**$7,961,931**	**$8,354,879**

In comparison to $7.9 billion reported as Investments in the Combined Balance Sheet, the table above includes investments of $235.2 million which are reported as Restricted Assets and excludes $219.8 million in certificates of deposit which are reported as Investments in the Combined Balance Sheet.

c. Securities Loan Program

Through a safekeeping agent, the State lends securities for a fee from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. Securities loaned and securities taken as collateral are all book-entry securities which are substantially similar in type, rate, and maturity for each transaction. Under this program, the State may demand return within twenty-four hours of any security previously loaned. At June 30, 1988, the State had the following amounts of securities (expressed in thousands) on loan under this program:

	Carrying Value
Pooled accounts	$149,756
South Carolina Retirement System	576,069
Police Officers' Retirement System	45,996
Local Government Investment Pool	16,234
State Ports Authority	1,026
Total	$789,081

NOTE 5: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1988, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use	$ 86,829	$31,705	$ –
Individual income	52,309	–	–
Corporate income	564	–	–
Unemployment	–	–	47,952
Gasoline and motor vehicle	2,275	28,879	–
Alcoholic beverages and tobacco	4,392	–	–
Other	6,495	1,357	–
Gross taxes receivable	152,864	61,941	47,952
Less: Allowance for uncollectible taxes	5,774	812	1,861
Net taxes receivable	$147,090	$61,129	$46,091

Approximately $199 million of net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1988, and were collected within thirty days after that date.

NOTE 6: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 1988, consisted of:

	Enterprise	Internal Service	General Fixed Assets	Higher Education
Land and improvements	$ 99,922	$ 4,196	$ 80,869	$ 80,273
Buildings, improvements, and utility plant	2,277,788	106,970	506,733	955,662
Machinery, equipment, and other	31,965	72,039	559,442	493,298
Construction in progress	95,067	12,475	90,714	74,509
Property, plant, and equipment before accumulated depreciation	2,504,742	195,680	1,237,758	1,603,742
Less: accumulated depreciation	557,190	46,734	–	–
Total property, plant, and equipment (net)	$1,947,552	$148,946	$1,237,758	$1,603,742

Notes to the Financial Statements

Changes in general fixed assets (expressed in thousands) for the year ended June 30, 1988, were:

	Balance July 1, 1987	Additions	Retirements	Balance June 30, 1988
Land and improvements	$ 72,853	$ 8,110	$ 94	$ 80,869
Buildings, improvements, and utility plant	433,072	73,792	131	506,733
Machinery, equipment, and other	491,214	100,053	31,825	559,442
Construction in progress	102,673	53,192	65,151	90,714
Total General Fixed Assets	$1,099,812	$235,147	$97,201	$1,237,758

Construction in progress retirements are recorded as additions to other categories of assets.

Outstanding construction commitments at June 30, 1988, totaled $423.7 million.

During the fiscal year ended June 30, 1988, capital improvement bond proceeds of $5.592 million were transferred from the Capital Projects Fund to the Internal Service Funds. These transactions are reported as residual equity transfers out in the Capital Projects Fund and as an addition to contributed capital in the Internal Service Funds.

NOTE 7: RETIREMENT PLANS

a. Plan Descriptions

The Retirement Division of the State Budget and Control Board maintains four defined benefit retirement systems: the South Carolina Retirement System (SCRS), the South Carolina Police Officers Retirement System (PORS), the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), and the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS). The systems publish their own Component Unit Financial Report.

The systems provide retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Although public schools are outside the State reporting entity, the State provides a portion of the required employers' contribution for public school employees' retirement benefits.

Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants. The number of participating employers, the average number of contributing members, and annual payroll amounts (dollars expressed in thousands) for each system for the year ended June 30, 1988, were:

	SCRS	PORS	GARS	JSRS
Number of employers:				
State and schools	111	1	1	1
Other	387	197	–	–
Average number of contributing members:				
State employees	59,972	7,010	170	104
School employees	68,932	–	–	–
Other employees	29,537	6,890	–	–
Covered payroll:				
State	$1,269,513	$133,014	$2,312	$7,511
Schools	1,315,900	–	–	–
Other	430,914	128,176	–	–

Substantially all permanent State employees are covered. The State's total payroll, therefore, is substantially the same as its covered payroll.

The numbers of retirees and beneficiaries currently receiving benefits plus the numbers of terminated employees entitled to benefits but not yet receiving them at June 30, 1987 (latest available data), were:

SCRS	PORS	GARS	JSRS
114,665	5,916	221	55

The numbers of fully vested and nonvested active employees covered by the plans at June 30, 1987 (latest available data), were:

SCRS	PORS	GARS	JSRS
152,385	13,441	201	104

b. Funding and Benefit Policies

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contribution requirements for each system. The following paragraphs summarize those requirements.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire at age sixty-five or with thirty years of service at any age receive an annual benefit, payable monthly for life. The benefit is based on length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Prior to July 1, 1988, the annual benefit amount was 1% to 1.25% of the first $4,800 in average final compensation times years of credited service plus 1.3% to 1.65% of average final compensation above $4,800 times years of credited service. On July 1, 1988, the annual benefit formula changed to 1.7% of average final compensation times years of service. Reduced benefits are payable as early as age sixty.

Notes to the Financial Statements

PORS is a cost-sharing multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Prior to July 1, 1988, vested members who retired at age fifty-five or at any age with thirty years of service received an annual benefit, payable monthly for life. Beginning July 1, 1988, members with twenty-five years of service will be eligible for retirement. The benefit is based on length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Prior to July 1, 1988, the annual benefit amount for most members was 1.75% of average final compensation times years of credited service. On July 1, 1988, the annual benefit formula changed to 2.0% of average final compensation times years of credited service. Reduced benefits are payable as early as age fifty.

GARS is a single-employer pension system that benefits members of the South Carolina General Assembly. Membership is required as a condition of taking office as a member of the General Assembly. Both the members of the General Assembly and the State of South Carolina must contribute. Benefits vest after eight years of service. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly for life. The annual benefit amount is 4.5% of earnable compensation times years of credited service. Earnable compensation is defined as forty days' pay at the rate currently paid to members of the General Assembly plus $3,600.

JSRS is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors. Membership is required as a condition of taking office as a judge in these courts. Both judges and the State of South Carolina must contribute. Members who retire at age seventy-two with ten years service, age seventy with fifteen years service, age sixty-five with twenty years service, or at any age with twenty-five years of service receive an annual benefit, payable monthly for life. The annual benefit amount is two-thirds of the current active salary of the position occupied at retirement.

c. Funding Status and Progress

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to: (1) assess the systems' funding status on a going-concern basis, (2) assess progress toward accumulating sufficient assets to pay benefits when due, and (3) compare various public employee retirement systems and employers. The measure is the actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuary uses to determine contributions to the systems.

Significant actuarial assumptions used to compute the pension benefit obligation at June 30, 1987 (latest available data), were:

	SCRS	PORS	GARS	JSRS
Annual interest rate (compounded annually)	7%	7%	7%	7%
Inflation	4%	4%	4%	4%
Merit or seniority increases	2%	2%	1%	2%
Post retirement benefit increases	4%	4%	–	4%

On July 1, 1988, the annual interest rate assumption for all four plans increased to 7.5%. Salary scales for SCRS and PORS are graded based on age. The above figures are representative of those scales. Projected rates of separation due to withdrawal, death, service retirement, and disability are based on experience of the systems.

Neither SCRS nor PORS separately measures assets and pension benefit obligations for individual employers. The total unfunded pension benefit obligation for each system (expressed in thousands) at June 30, 1987 (latest available data), was:

	SCRS	PORS	GARS	JSRS
Pension benefit obligation:				
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$2,339,800	$161,700	$11,400	$26,700
Current employees:				
Accumulated employee contributions including allocated investment earnings	1,182,200	72,100	2,400	4,200
Employer-financed vested	847,400	69,300	3,300	2,900
Employer-financed non-vested	2,078,100	142,100	5,100	17,800
Total pension benefit obligation	**6,447,500**	**445,200**	**22,200**	**51,600**
Net assets available for benefits, at cost	4,805,400	414,700	15,500	19,900
Unfunded pension benefit obligation	**$1,642,100**	**$ 30,500**	**$ 6,700**	**$31,700**
Net assets available for benefits, at market	**$5,060,000**	**$451,700**	**$16,200**	**$21,700**

Estimated increases (decreases) in the pension benefit obligation at June 30, 1987 (expressed in millions), resulting from changes made effective July 1, 1988, and described elsewhere within this note are:

	SCRS	PORS	GARS	JSRS
Change in interest assumption	$(506)	$(38)	$(2)	$(5)
Enhancements in benefit provisions	462	56	—	—
Net impact on pension benefit obligation	**$ (44)**	**$ 18**	**$(2)**	**$(5)**

Notes to the Financial Statements

d. Contributions Required and Contributions Made

The State's consulting actuary determines employer contributions for all four systems. The systems use the projected benefit method with entry age normal cost and open-end unfunded accrued liability for this purpose. The actuary determines the actuarial present value of total benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following exceptions: (1) Post-retirement benefit increases were projected only for retired members and members eligible to retire under SCRS and PORS. (2) Net assets attributable to the SCRS and PORS group life insurance and the PORS accidental death programs were excluded. At June 30, 1987 (latest available data), the unfunded accrued liability liquidation periods in years were:

SCRS	PORS	GARS	JSRS
16	2	19	25

The recommended employer contributions, as percentages of compensation, for the fiscal year ended June 30, 1988, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS--State and schools	3.74%	3.26%	–	0.15%	7.15%
SCRS--other	3.19%	2.96%	–	0.15%	6.30%
PORS	6.19%	1.11%	0.20%	0.20%	7.70%
JSRS	20.62%	19.22%	–	1.09%	40.93%

Effective July 1, 1987, contributions under the SCRS and PORS group life insurance programs were reduced from 0.30% and 0.40% to 0.15% and 0.20%, respectively. The unfunded accrued liability contribution rate for the PORS was reduced from 4.11% to 1.11% effective July 1, 1987.

The employer contribution rate for PORS increased from 7.30% to 10.30% on July 1, 1988.

For GARS, the State's recommended contribution (expressed in thousands) for the fiscal year ended June 30, 1988, was:

Normal cost	$ 720
Unfunded accrued liability	690
Group life insurance	4
Total	$1,414

By law, employee contribution requirements for the fiscal year ended June 30, 1988, were:

SCRS--State and schools	4% of salary up to $4,800 and 6% of the excess
SCRS--other	Class I members--3% of salary up to $4,800 and 5% of the excess; Class II members--same as the State rates above
PORS	Class I members--$16 per month; Class II members--5% of salary
GARS	10% of earnable compensation
JSRS	7% of total salary

On July 1, 1988, State, school, and other Class II members of SCRS began contributing 6% of salary while Class II members of PORS began contributing 6.5% of salary.

Actual contributions (expressed in thousands) for the fiscal year ended June 30, 1988, were:

	Employer Contributions	Percent of Covered Payroll	Employee Contributions	Percent of Covered Payroll
SCRS--State	$91,539	7.2%	$72,425	5.7%
SCRS--schools	94,568	7.2%	75,271	5.7%
SCRS--other	27,390	6.4%	23,874	5.5%
PORS--State	10,388	7.8%	6,942	5.2%
PORS--other	9,942	7.8%	6,692	5.2%
GARS	1,414	61.2%	297	12.8%
JSRS	3,079	41.0%	592	7.9%
Totals	$238,320		$186,093	

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The South Carolina Retirement Systems' Component Unit Financial Report for the fiscal year ended June 30, 1988, presents ten-year historical trend information on pages 35-36. An analysis of funding progress for the fiscal years ended June 30, 1986, and 1987 (latest available data) is:

	SCRS	PORS	GARS	JSRS
Net assets available for benefits as a percentage of the pension benefit obligation				
June 30, 1987	74.5%	93.1%	69.8%	38.6%
June 30, 1986	73.1%	89.0%	64.5%	33.3%
Unfunded pension benefit obligation as a percentage of annual covered payroll				
June 30, 1987	58.7%	12.7%	246.2%	428.4%
June 30, 1986	58.7%	21.4%	274.0%	459.2%
State employer contributions as a percentage of annual covered payroll				
June 30, 1987	7.2%	7.8%	61.2%	41.0%
June 30, 1986	7.4%	11.1%	59.2%	40.9%

For both years, the State's contributions to the systems met the actuarially determined requirements.

Notes to the Financial Statements

NOTE 8: POST-RETIREMENT BENEFITS

The State General Assembly has directed the General Fund to pay supplemental (cost-of-living) increases to retirees and fully funds the required amount annually. During the fiscal year ended June 30, 1988, the State's General Fund transferred $8.1 million to the South Carolina Retirement System and the Police Officers' Retirement System for retiree supplemental benefits.

In addition to providing pension plan and supplemental benefits, the State currently provides its retired employees with health care benefits. If this provision remains in effect, substantially all State employees who reach normal retirement age while working for the State will become eligible for those benefits. During the fiscal year ended June 30, 1988, the State's General Fund paid $28.5 million for retiree health insurance.

NOTE 9: DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employees of its political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b) are accounted for as Agency Funds. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employees. The State has no liability for losses under the plans.

Under the Section 457 plan, all deferred compensation, all property or rights of property purchased with amounts deferred, and any income earned on property purchased remain assets of the employers subject to the claims of the employers' general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. Of the $236.5 million assets in the Section 457 plan at December 31, 1987, $130.7 million was applicable to the State while the remaining $105.8 million represented assets of other participating jurisdictions.

NOTE 10: LEASES

a. Lease Commitments

The State leases land, office facilities, equipment, and other assets under both capital and operating leases. The present value of future minimum capital lease payments and minimum annual lease payments for operating and capital leases (expressed in thousands) follow:

	Capital Leases				
Fiscal Year Ending June 30	Enterprise Funds	Internal Service Funds	Long-Term Obligations Account Group	Higher Education Funds	Operating Leases
1989	$ 5,531	$ 11,908	$ 9,621	$ 6,859	$20,714
1990	5,303	11,921	9,136	4,900	15,564
1991	5,308	10,077	7,950	3,325	12,666
1992	5,294	9,868	7,571	2,290	8,611
1993	5,303	9,849	6,659	946	6,204
1994 and after	75,516	63,864	970	8,792	23,873
Total minimum lease payments	102,255	117,487	41,907	27,112	$87,632
Less: interest and executory costs	32,620	45,890	7,569	7,731	
Present value of net minimum lease payments	$ 69,635	$ 71,597	$34,338	$19,381	

The table above does not include the effect of the State's planned early buy-out of $28.6 million in school bus leases expected to occur in February 1989. The early buy-out is expected to save the State approximately $3 million in interest over the next four years.

Operating lease payments during the fiscal year ended June 30, 1988, totaled $34.1 million.

b. Facilities Leased to Others

Non-State parties lease certain land and facilities under a direct financing lease from Patriots' Point Development Authority (Patriots' Point) and under operating leases from Patriots' Point and the South Carolina Ports Authority (Ports Authority). Both Patriots' Point and the Ports Authority are Enterprise Funds.

Notes to the Financial Statements

For the direct financing lease, the total minimum lease payments less the portion of these future payments representing interest have been recorded in the Combined Balance Sheet as Net Investment in Lease. Related amounts (expressed in thousands) are:

Total minimum lease payments to be received	$8,167
Less: unearned income	2,977
Net investment in lease	$5,190

At June 30, 1988, Patriots' Point had entered into various operating lease arrangements with third parties involving certain State facilities including a marina, space in a cargo-passenger vessel, a golf course, and certain parcels of land. At June 30, 1988, the Ports Authority also had leased to others, under operating leases, land and facilities costing approximately $83.5 million with $27.1 million of related accumulated depreciation.

At June 30, 1988, future minimum payments and rent receipts under the direct financing and operating leases described above (expressed in thousands) were:

Fiscal Year Ending June 30	Amount
1989	$ 8,509
1990	7,567
1991	4,774
1992	2,894
1993	2,115
1994 and after	6,429
Total	$32,288

On October 20, 1988, Patriots' Point notified its primary lessee, Patriots' Point Associates, a South Carolina limited partnership, that the direct financing lease and certain of the operating leases were terminated. The primary reason for terminating these agreements was that the lessee advised Patriots' Point that approximately $5 million of additional funds would be needed to complete construction of the facilities. The Combined Balance Sheet at June 30, 1988, and the other accompanying financial statements do not reflect the effects, if any, of the subsequent cancellation of the lease agreement.

NOTE 11: BONDS AND NOTES PAYABLE

a. General Obligation Bonds and Notes

General obligation bonds and notes are backed by the full faith, credit, and taxing power of the State. General obligation bonds and notes outstanding at June 30, 1988 (expressed in thousands), were:

	Bonds	Notes
General Long-Term Obligations Account Group		
School bonds, 4.50% to 9.10%	$ 8,500	$ –
Capital improvement bonds, 3.50% to 11.00%	644,740	–
Totals--General Long-Term Obligations Account Group	653,240	–
Higher Education Funds		
State institution bonds and notes, 4.00% to 6.00%	16,280	11,905
Totals--general obligation bonds and notes payable	$669,520	$11,905

At June 30, 1988, $110.5 million of capital improvement bonds were authorized but unissued.

The State must pay the debt service on a portion of the above bonds and notes outstanding from specific pledged revenues, which revenues are deemed sufficient to pay both principal and interest on the bonds. The following schedule shows this portion of principal (expressed in thousands) outstanding at June 30, 1988:

Type of Bond	Type of Revenue Pledged	Principal Secured by Pledged Revenue
Capital improvement	State income tax	$46,750
State institution	Tuition	4,350
Total		$51,100

Unspecified General Fund revenues secure all other general obligation bonds and notes outstanding.

At June 30, 1988, future debt service requirements (expressed in thousands) for general obligation bonds and notes were:

Year Ending June 30	Principal	Interest	Totals
1989	$ 69,315	$ 44,947	$114,262
1990	60,420	41,448	101,868
1991	61,525	36,916	98,441
1992	51,975	32,329	84,304
1993	54,665	28,574	83,239
1994 and after	383,525	111,795	495,320
Totals	$681,425	$296,009	$977,434

The General Fund pays all debt service for general obligation bonds and notes recorded in the General Long-Term Obligations Account Group. The Higher Education Plant Funds (Retirement of Indebtedness) pay the debt service for general obligation bonds and notes recorded in the Higher Education Funds.

The State's legal debt margin at June 30, 1988, was $150.0 million for highway bonds and $31.8 million for institution bonds.

Rather than directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 1988, for other general obligation bonds/notes, excluding tax and bond anticipation notes, was $35.4 million.

Notes to the Financial Statements

b. Revenue Bonds and Notes

Revenue bonds and notes are not backed by the full faith, credit, and taxing power of the State. Revenue bonds and notes outstanding (expressed in thousands) at June 30, 1988, were:

	Bonds	Notes
General Long-Term Obligations Account Group		
Forestry Commission notes, 8.60%	$ -	$ 600
Totals--General Long-Term Obligations Account Group	-	600
Enterprise Funds		
Public Service Authority priority obligations, 2.70% to 5.00%	58,565	-
Public Service Authority electric system expansion revenue bonds, 3.90% to 11.75%	1,771,767	-
Public Service Authority electric revenue bonds, 6.75% to 8.70%	108,000	-
Housing Authority bonds, 5.50% to 13.25%	603,916	-
Education Assistance Authority bonds, 5.30% to 15.00%	72,945	-
Ports Authority bonds, 3.80% to 10.88%	9,730	-
Patriots' Point Development Authority bonds and notes, 7.05% to 8.95%	20,817	114
Other notes, 9.00%	-	290
Totals--Enterprise Funds	2,645,740	404
Higher Education Funds		
Various bonds and notes, 3.00% to 11.00%	147,346	11,714
Totals--revenue bonds and notes payable	$2,793,086	$12,718

The State has recorded its revenue bonds payable net of $41.385 million in unamortized premiums/discounts.

Certain revenue bonds require the individual enterprises to provide sufficient revenue to pay debt service and to fund all necessary expenses to run the enterprises.

At June 30, 1988, there was no revenue debt authorized but unissued.

At June 30, 1988, the State also owed the United States government $10.2 million for construction of the Trotters Shoals Lake Project. This obligation is included in Other Liabilities in the General Long-Term Obligations Account Group.

The funds that receive the proceeds of bonds and notes have pledged revenues for payment of debt service as follows:

General Long-Term Obligations Account Group
- Forestry Commission Notes: sale of timber (Departmental General Operating Fund)

Enterprise Funds
- Public Service Authority obligations: Public Service Authority Fund revenues
- State Housing Authority bonds: State Housing Authority Fund revenues
- Education Assistance Authority bonds: loan repayments and U.S. Commissioner of Education funds (State Education Assistance Authority and Student Loan Corporation Fund)
- State Ports Authority bonds: State Ports Authority Fund revenues
- Patriots' Point Development Authority bonds and notes: operating lease revenues of the Patriots' Point Development Authority Fund

Higher Education Funds
- Various higher education bonds/notes: various specific higher education revenues

At June 30, 1988, future debt service requirements (expressed in thousands) for revenue bonds and notes were:

Fiscal Year Ending June 30	Principal	Interest	Totals
1989	$ 66,209	$ 206,170	$ 272,379
1990	62,554	202,944	265,498
1991	64,524	198,916	263,440
1992	68,001	194,633	262,634
1993	72,729	189,959	262,688
1994 and after	2,513,172	3,026,209	5,539,381
Totals	$2,847,189	$4,018,831	$6,866,020

c. Defeased Bonds

During April 1988, Clemson University, an institution reported in the Higher Education Funds, issued $14.9 million in Student and Faculty Housing Revenue Bonds to advance refund $16.0 million in Student and Faculty Housing Revenue Bonds. The net proceeds of $14.4 million plus an additional $3.5 million was used to purchase United States government securities. The university advance refunded these bonds to reduce its total debt service payments over the next sixteen years by approximately $2.1 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2.9 million.

Notes to the Financial Statements

In prior years, the State defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds of the new bonds were placed in irrevocable trusts to provide for all future debt service payments on the old bonds. At June 30, 1988, the following outstanding bonds (expressed in thousands) are considered defeased:

	Enterprise Funds	General Long-Term Obligations Account Group	Higher Education Funds
Capital improvement bonds	$ —	$115,000	$ —
Public Service Authority bonds	1,183,760	—	—
Other	—	2,050	57,109
Totals	$1,183,760	$117,050	$57,109

Since adequate funds have been placed with a trustee to pay fully the principal and interest of these bonds, the liabilities are not recorded in these financial statements.

d. No-Commitment Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds, therefore, do not appear as liabilities in the accompanying financial statements. These bonds provide low-cost capital financing for construction of private facilities deemed to be in the public interest. The State's no-commitment debt includes industrial development bonds, pollution control bonds, airport bonds, educational facilities bonds, certain State Housing Finance and Development Authority Multi-Family Bonds issued since 1985, and debt issued by certain other State component units.

e. Issues Subsequent to June 30, 1988

Since July 1, 1988, the State has issued or plans to issue by December 1988 approximately $101.6 million of bonds and notes.

NOTE 12: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the year ended June 30, 1988, were:

	Balances July 1, 1987	Increases	Decreases	Other	Balances June 30, 1988
Notes payable	$ 700	$ —	$ (100)	$ —	$ 600
General obligation bonds and notes	665,240	60,000	(72,000)	—	653,240
Capital leases	13,450	30,431	(5,052)	(4,491)	34,338
Compensated absences	82,019	52,757	(45,471)	—	89,305
Claims and judgments	3,642	25,778	(24,626)	—	4,794
Other long-term obligations	15,374	—	(369)	(4,722)	10,283
Totals	$780,425	$168,966	$(147,618)	$(9,213)	$792,560

Leases totaling $4.5 million at June 30, 1987, were renegotiated during the fiscal year ended June 30, 1988. These leases were classified as capital leases at June 30, 1987, but are now classified as operating leases. Also during the fiscal year ended June 30, 1988, the Federal government reduced by $4.7 million the amount the State owes the Federal government for construction of the Trotters Shoals Lake Project. These reductions in obligations are shown above in the Other column.

NOTE 13: INTERFUND ASSETS AND LIABILITIES

Interfund assets and liabilities for each individual fund at June 30, 1988 (expressed in thousands), were:

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
General						
General Fund	$ 43,275	$ 99,133	$ 8,114	$10,904	$13,117	$ 9,696
Less: eliminations	(30,485)	(30,485)	—	—	—	—
Adjusted General Fund	12,790	68,648	8,114	10,904	13,117	9,696

Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
Special Revenue						
Departmental General Operating Fund	$ 3,666	$ 11,026	$ 100	$10,658	$ –	$ 227
Education Improvement Act Fund	925	554	1,596	51	–	4
Repair, Maintenance, and Renovation Fund	275	137	–	52	–	–
Hazardous Waste Contingency Fund	243	–	–	73	–	–
Highway Department Special Revenue Fund	27,410	4,514	–	957	1,238	–
Water Recreation Resources Fund	90	4	–	35	–	–
Employment Security Assessment Fund	–	112	–	75	–	–
Accommodations Tax Fund	1,629	19	–	36	–	–
Energy Settlement Fund	–	8	1	–	–	–
Omnibus Crime Fund	4	292	408	–	–	–
Other Special Revenue Funds	151	33	35	616	741	8
Less: eliminations	(11,377)	(11,377)	(2,033)	(2,033)	–	–
Adjusted Special Revenue Funds	23,016	5,322	107	10,520	1,979	239
Capital Projects						
Capital Projects Fund	60,973	1,623	–	1,896	–	1,238
Less: eliminations	(73)	(73)	–	–	–	–
Adjusted Capital Projects Fund	60,900	1,550	-	1,896	–	1,238
Enterprise						
Housing Authority	202	49	16,884	–	–	–
Public Railways Commission	–	–	–	151	–	–
Patriots' Point Development Authority	–	19	–	116	–	2,102
Canteens Fund	–	40	–	–	–	–
Patients' Compensation Fund	–	4	–	–	–	–
Other Enterprise Funds	40	4	–	–	–	–
Less: eliminations	(42)	(42)	(151)	(151)	–	–
Adjusted Enterprise Funds	200	74	16,733	116	–	2,102
Internal Service						
Insurance Reserve Fund	3,092	46	2,330	1,080	29,873	–
Health and Disability Insurance Fund	291	29	1,093	–	–	–
Workers' Compensation Fund	3,926	52	–	2	–	11
State Employee Unemployment Compensation Fund	–	1,795	–	35	–	–
General Services Fund	2,068	3,212	1,462	3,782	21,414	37,713
Central Supplies and Equipment Fund	1,159	8	–	1,023	–	–
Information Resources Management Fund	2,543	155	528	370	2,596	11,927
Motor Pool Fund	808	144	–	42	–	375
Highway Department Internal Service Fund	–	–	–	23	–	–
Employee Benefits Administration	–	44	–	5	–	–
Prison Industries Fund	477	89	–	–	–	–
Other Internal Services Funds	8	41	–	50	–	–
Less: eliminations	(5,615)	(5,615)	(3,738)	(3,738)	(41,790)	(41,790)
Adjusted Internal Service Funds	8,757	–	1,675	2,674	12,093	8,236
Trust and Agency						
Expendable Trust:						
Unemployment Compensation Benefits Fund	101	–	770	–	–	–
Second Injury Fund	–	96	–	732	–	–
Defeasance Trust Fund	–	–	–	38	–	–
Multi-Family Housing Fund	107	–	–	–	–	–
Other Expendable Trust Funds	–	48	–	–	–	–
Pension Trust:						
South Carolina Retirement System	10,914	–	41	–	–	–
Police Officers' Retirement System	845	–	–	–	–	–
Judges' and Solicitors' Retirement System	–	–	–	41	–	–
Agency Funds:						
Federal Interfund Activity Fund	–	3,035	–	–	–	–
Payroll Clearing Fund	25,566	6	–	29	–	–
Other Agency Funds	1,356	67,145	32	3	–	–
Less: eliminations	(34,162)	(34,162)	(843)	(843)	–	–
Adjusted Trust and Agency Funds	4,727	36,168	–	–	–	–
Higher Education						
Unrestricted Current Funds	15,798	7,692	2,961	5	–	25
Restricted Current Funds	2,374	6,511	–	1,146	–	–
Loan Funds	22	18	–	–	–	–
Endowment and Similar Funds	318	38	–	822	–	–
Unexpended Plant Funds	5,973	1,687	–	353	–	–
Renewal and Replacements Funds	86	–	–	–	–	–
Retirement of Indebtedness Funds	828	7,542	–	640	–	–
Investment in Plant Funds	–	300	–	514	–	5,653
Agency Funds	19	258	–	–	–	–
Less: eliminations	(18,768)	(18,768)	(2,961)	(2,961)	–	–
Adjusted Higher Education Funds	6,650	5,278	-	519	–	5,678
Totals—all funds	$117,040	$117,040	$26,629	$26,629	$27,189	$27,189

Notes to the Financial Statements

NOTE 14: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reservations represent legally segregated fund equity and amounts that cannot be appropriated for future expenditure. Designations of unreserved fund equity reflect tentative plans for future use of available financial resources.

a. Reserves in the Higher Education Funds

Outside sources may restrict certain Higher Education Funds' resources. The financial statements present restricted fund balances as reserves. These reserves include reserves for endowments, grants refundable to the United States government, and other higher education restricted funds to be used for special purposes.

b. General Fund Reserve

The South Carolina Constitution requires that the State maintain a reserve to prevent deficits in the Budgetary General Fund. Beginning June 30, 1988, the reserve is fully funded whenever it equals three percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year.

If the State withdraws funds from the reserve to cover a year-end deficit, it must replace the funds within three years. In each of the first two years following a withdrawal, the Constitution requires replacement of at least one percent of the Budgetary General Fund revenue (budgetary basis) of the latest completed fiscal year. In the third fiscal year following a withdrawal, the required replacement amount is two percent of the Budgetary General Fund revenue of the latest completed fiscal year.

At June 30, 1988, the reserve's balance was $86 million or $5 million more than full funding of $81 million. The General Assembly approved movement of the $5 million excess to unreserved fund balance during the fiscal year ending June 30, 1989.

c. Reserve for Inventories

Under the purchases method of accounting for inventories, the Governmental Funds reserve a portion of fund balance equal to year-end inventory balances.

d. Reserves for Loans, Notes Receivable, and Advances to Other Funds

Long-Term Loans, Notes Receivable, and Advances to Other Funds are assets that do not represent expendable available resources. The Governmental Funds, therefore, reserve a corresponding portion of fund balance.

e. Reserve for Appropriations to be Carried Forward

The General Fund does not use encumbrance accounting. The Reserve for Appropriations to be Carried Forward, however, is used in situations where the General Assembly has authorized Budgetary General Fund appropriations to be carried forward to the next fiscal year.

f. Reserve for School Building Aid

General Fund appropriations for school building aid do not lapse at year-end. Such amounts are reserved for State school districts until approved for use.

g. Reserve for Encumbrances

Although not required by State law, some component units use encumbrance accounting. These component units record a reserve for encumbrances.

h. Designation for Special Purposes

Amounts Designated for Special Purposes in the Special Revenue Funds consist generally of Department of Highways and Public Transportation resources which are designated for subsequent years' expenditures--primarily for highway maintenance.

i. Designated for Capital Expenditures

The State reports the fund balance in the Capital Projects Fund as Designated for Capital Expenditures.

j. Designation for Quasi-Endowments

The Designation for Quasi-Endowments includes resources that the State's higher education institutions intend to use in a manner similar to endowments in future years.

NOTE 15: RELATED ORGANIZATIONS

The audited financial statements of several State agencies and component units exclude certain related foundations and other organizations but disclose them as related parties. The State's financial statements also exclude these organizations.

The most significant of these organizations include: the Carolina Research and Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Clemson University Foundation; the Clemson Alumni Association; the Clemson University Research Foundation; the Founders of Strom Thurmond Center, Inc.; the Clinical Professional Staff of the Medical University of South Carolina; the Health Sciences Foundation of the Medical University of South Carolina; the Charleston Memorial Hospital; the Educational Television Endowment of South Carolina; the College of Charleston Foundation; the Lander Foundation; the Winthrop

Notes to the Financial Statements

College Foundation; the Alumni Association of Winthrop College; the Francis Marion College Foundation; the Citadel Development Foundation; the Association of Citadel Men; the Citadel's Brigadier Club; and the Friends of the State Museum.

Those organizations above that are related to higher education report total assets of approximately $176 million. During the fiscal year ended June 30, 1988, the State entered into various transactions with these organizations. Approximate amounts within the State's Higher Education Funds that represented transactions with these organizations include: receivable from foundations--$7.5 million; donations of cash and other assets from foundations--$33.7 million; expenditures (rental of foundation-owned property)--$2.7 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations--$0.4 million.

During the fiscal year ended June 30, 1988, the Educational Television Endowment of South Carolina disbursed approximately $4.6 million on behalf of the State for programs, development, advertising, and other costs.

NOTE 16: SEGMENT INFORMATION--ENTERPRISE FUNDS

The State groups its Enterprise Funds into several segments which are included in the following table. The Public Service Authority produces and sells electric power; it follows generally accepted accounting principles prescribed by the Federal Energy Regulatory Commission. The Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The State Housing Finance and Development Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Education Assistance Authority (including both the State Education Assistance Authority and the South Carolina Student Loan Corporation) makes loans to eligible students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts. The Other segment includes the Patients' Compensation Fund, the Public Railways Commission, the Patriots' Point Development Authority, the Canteens Fund, and Other Enterprise Funds.

Segment financial information (expressed in thousands) for the fiscal year ended June 30, 1988:

	Public Service Authority	Ports Authority	Housing Authority	Education Assistance Authority	Research Authority	Other	Eliminations	Totals
Operating revenues	$ 491,980	$ 43,408	$ 65,195	$ 8,219	$ 15,062	$ 17,744	$ —	$ 641,608
Depreciation and amortization expense	72,652	8,792	2,539	47	207	483	—	84,720
Operating income	162,418	8,751	7,265	11	552	739	—	179,736
Federal revenue	—	—	10,800	4,111	—	59	—	14,970
Operating transfers:								
In	—	—	425	2,225	—	116	(425)	2,341
Out	3,003	—	451	—	—	—	(425)	3,029
Net income	36,126	10,500	6,484	5,296	495	2,924	—	61,825
Current capital contributions		—	—	—	2,466	125	—	2,591
Property, plant, and equipment:								
Additions	88,055	18,013	69	107	5,051	6,866	—	118,161
Retirements	66,670	9,050	54	52	2,673	959	—	79,458
Net working capital	36,145	7,779	76,803	34,678	2,013	(20,054)	—	137,364
Total assets	2,667,128	198,200	709,385	106,802	16,729	64,244	(193)	3,762,295
Bonds and other long-term liabilities payable from operating revenues	2,101,401	9,407	593,791	74,206	81	25,023	—	2,803,909
Total fund equity	462,601	182,970	67,351	30,993	12,553	11,970	—	768,438

NOTE 17: JOINT VENTURE

The Summer Nuclear Station is a joint venture owned by the Public Service Authority, a regulated electric utility reported within the State's Enterprise Funds, and the South Carolina Electric and Gas Company, a non-governmental electric utility. The Public Service Authority owns an undivided one-third interest in the Station while South Carolina Electric and Gas owns an undivided two-thirds interest. South Carolina Electric and Gas is solely responsible for the Station's management, budgeting, operation, maintenance, and decommissioning. The Public Service Authority receives one-third of the net electricity that the Station generates in return for paying one-third of the Station's costs.

Notes to the Financial Statements

In accordance with regulatory accounting practices, the State's Enterprise Funds at June 30, 1988, include Property, Plant, and Equipment of $426.1 million and expenses of $36.7 million which represent the State's interest in this joint venture. The State has financed its interest in the joint venture with long-term debt. The Summer Nuclear Station does not prepare separate financial statements.

NOTE 18: CONTINGENCIES

a. Litigation

Included in the State's litigation is a claim filed by the Catawba Indian Nation that seeks recovery of approximately 144,000 acres of land in two of the State's counties. In the early eighteenth and nineteenth centuries, the State purchased this land from the Catawba Indian Nation. The State then sold the land to private citizens. Because the State was a participant in acquiring the land, the State will participate in any unfavorable outcomes. Some similar cases have been settled through Federal legislation which provided for funding to be shared in part by both the Federal and state governments. This case has been pending in the courts for several years and is expected to take several more years to resolve.

The State also is involved in several other significant legal proceedings:

During the fiscal year, the State enacted a Beach Management Act. The Act provides for beach protection through a forty-year program to restore the beach and dune system to its natural dynamic equilibrium. The Act contains prohibitions against building and against rebuilding in the event that currently existing structures are demolished. The Act provides limited remedies in those cases where it is determined that the rebuilding prohibition deprives the owner of the practical use of the property. Claims currently filed pursuant to the Act are not material to the State.

The State presently is involved in a matter pending before the Federal courts concerning the operation of a school district. Injunctive relief granted against the State could result in the State being required to provide specific services and make certain capital expenditures. Any such expenditures would probably occur over several fiscal years.

The State is also involved in a matter concerning funds advanced by the Federal government. As an incentive for states to establish guaranty agencies, the Federal government made funds available to the states to assist in establishing a guarantee reserve fund. Under the terms of an agreement with the State, the Federal government may request repayment of these advances. The request for repayment is based on the maturity and solvency of the reserve fund. During the fiscal year ended June 30, 1988, the Federal government determined that most of the guaranty agencies held excess cash reserves and demanded that these excess reserves be reimbursed. The State has initiated a lawsuit to prevent the Federal government from obtaining these funds.

The State is involved in matters where the payment of taxes is in dispute. The Federal government seeks to recover sales taxes paid on purchases of tangible personal property from South Carolina retailers. The case is pending in the United States District Court.

Several insurance companies also have filed claims against the State as a result of premium tax legislation passed in 1986. The suits contend that the method of tax collection is statutorily unauthorized and constitutionally impermissible. The claimants have paid the taxes under protest and are now seeking refunds.

It is presently not possible for the Attorney General's Office to determine the outcome of these cases; accordingly, no accrual has been made. Should all of these cases have unfavorable outcomes, the State could incur losses up to approximately $128 million.

The State is involved in other legal proceedings relating to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving the legality of certain taxes assessed by the State, claims asserted against the State arising from alleged torts, and possible violations of State and Federal laws. Unfavorable outcomes in these matters could result in the State incurring losses. These losses, however, are not expected to have a material, adverse impact on the financial position of the funds involved.

b. Loan Guarantees

The State Education Assistance Authority (SEAA) within the State's Enterprise Funds guarantees student loans. At June 30, 1988, these loans totaled $145.4 million. The United States Department of Education (DOE) ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5% of the loans in repayment status, however, the DOE decreases the reinsurance rate. The default rate at June 30, 1988, was less than 2%. The probability that the SEAA would incur a loss on its guarantees, therefore, is remote.

c. Federal Grants

The State receives significant Federal grant and entitlement revenues. Compliance audits of Federal programs may identify disallowed expenditures. Disallowances by Federal program officials as a result of these audits may become liabilities of the State. The State has recorded liabilities of approximately $9 million, primarily in the Insurance Reserve Fund, as a result of audit disallowances and questioned costs pending at June 30, 1988, that may result in audit disallowances. The State could incur additional losses up to $66 million should pending questioned costs result in unfavorable outcomes.

Notes to the Financial Statements

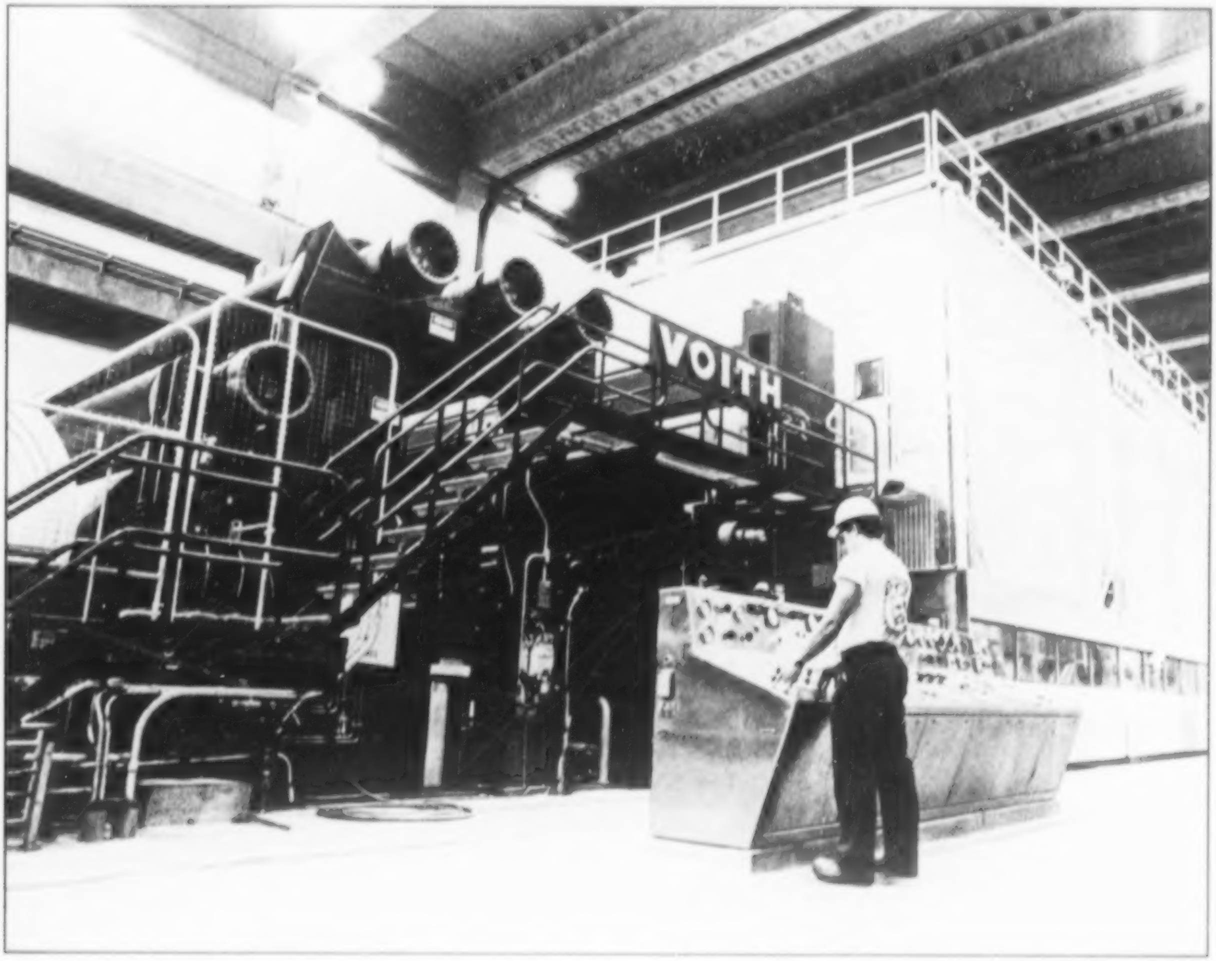
It is presently not possible for management to determine the outcome of the pending audit disallowances. Based on an analysis of historical data, however, the State believes that any required reimbursements relating to the fiscal year ended June 30, 1988, or earlier years will not be material.

NOTE 19: DEFICIT EQUITY BALANCES

Four individual funds had deficit equity balances at June 30, 1988. Three of these funds conduct risk management activities. At June 30, 1988, the State recorded liabilities on the accrual basis both for claims known but not paid and for claims incurred but not reported in these funds. The deficits in these funds arose because the State funds these activities on a pay-as-you-go basis, not on an accrual basis. A deficit in the Information Resources Management Fund arose because billing rates for services were too low. Billing rates have been raised as of July 1, 1988, in order to eliminate this deficit.

Individual funds with deficit equity balances at June 30, 1988 (expressed in thousands), were:

Fund Type/Fund	Amount of Deficit
Enterprise Funds	
Patients' Compensation Fund	$ 1,553
Internal Service Funds	
Health and Disability Insurance Fund	20,176
Workers' Compensation Fund	13,055
Information Resources Management Fund	2,460



At its Eastover plant near Columbia, Union Camp operates this 372-inch wide paper machine, one of the largest machines built to manufacture fine paper. The plant employs over 500 people.

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

The new plant of The State Newspaper in Columbia provides a home for South Carolina's largest daily newspaper.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes. The State uses the following Special Revenue Funds:

Departmental General Operating Fund. This fund accounts for resources that are part of a particular State component unit's or agency's General Fund but are not part of the State's General Fund. These resources include significant amounts of Federal grant receipts.

Education Improvement Act Fund. This fund accounts for the special additional one-percent sales tax levied to be used exclusively for improvements in elementary and secondary school education.

Repair, Maintenance, and Renovation Fund. This fund accounts for State bond proceeds and other permanent improvement project resources to be expended for approved repair, maintenance, renovation, and alteration projects.

Interfund Loan Sinking Fund. This fund has accounted for repayments made on certain advances from other funds. These advances were used for the construction of office buildings. These advances were repaid in full during the fiscal year ended June 30, 1988. The small amount of accumulated interest remaining in the fund was subsequently transferred to "Other Special Revenue Funds."

Hazardous Waste Contingency Fund. This fund accounts for fees collected from generators of hazardous wastes and from owners and operators of hazardous waste storage facilities. These fees must be used to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Highway Department Special Revenue Fund. This fund accounts for the various gasoline taxes, fees, fines, and Federal grant resources used by the Department of Highways and Public Transportation for its general operations. These operations include highway maintenance and repair, highway safety and law enforcement, and licensing/registration of drivers and vehicles.

Water Recreation Resources Fund. The revenues in this fund come from watercraft gasoline taxes. These revenues must be used for water recreational resources and are allocated to counties for this purpose.

Employment Security Assessment Fund. This fund accounts for assessments made on employers to cover the administrative costs of the Employment Security Commission. These revenues must be used by the Employment Security Commission in assisting with re-employment, supplementing basic employment services, and providing employment services.

Accommodations Tax Fund. This fund accounts for a special additional two-percent sales tax on the gross proceeds on the rental of transient accommodations. These revenues are allocated to counties in accordance with State law. State law also specifies how the counties must use these allocations.

Energy Settlement Fund. Revenues received from court-ordered settlements resulting from oil overcharges by various oil companies are accounted for in this fund. These resources must be used for energy-related programs designed to benefit all categories of the State's petroleum product consumers.

Omnibus Crime Fund. This fund accounts for court fees remitted to the State by local court systems. These fees must be used for certain programs administered by the Department of Parole and Community Corrections.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues which must be used for specific purposes. These include operations of various agricultural boards, forest renewal programs, and medical and dental scholarships.

Wal Mart Corporation opened this 1.5 million square foot warehouse and distribution center in Laurens County in 1988. The facility, which serves the company's southeastern market, is the largest of its kind in the state.

Combining Balance Sheet

SPECIAL REVENUE FUNDS

June 30, 1988
(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Hazardous Waste Contingency	Highway Department Special Revenue
ASSETS					
Investments	$ 72,582	$23,579	$2,823	$9,118	$181,548
Receivables (net):					
Accounts	26,412	169	–	–	2,271
Taxes	15	26,498	–	–	28,302
Loans and notes	12,459	–	–	–	–
Due from Federal government and other grantors	120,111	–	–	–	9
Due from other funds	3,666	925	275	243	27,410
Interfund receivables	100	1,596	–	–	–
Advances to other funds	–	–	–	–	1,238
Inventories	4,516	–	–	–	11,399
Other assets	–	–	–	–	769
Total assets	$239,861	$52,767	$3,098	$9,361	$252,946
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 91,532	$ 657	$ 332	$ 58	$ 11,451
Tax refunds payable	–	36	–	–	261
Intergovernmental payables	36,711	11,784	–	–	197
Due to other funds	11,026	554	137	–	4,514
Interfund payables	10,658	51	52	73	957
Advances from other funds	227	4	–	–	--
Deferred revenues and deferred credits	29,165	429	–	–	228
Other liabilities	25	–	28	–	3,286
Total liabilities	179,344	13,515	549	131	20,894
Fund balances:					
Reserved for:					
Inventories	4,516	–	–	–	11,399
Advances to other funds	–	–	–	–	1,238
Long-term loans and notes receivable	11,988	–	–	–	–
Unreserved:					
Designated for special purposes	–	–	–	–	93,010
Undesignated	44,013	39,252	2,549	9,230	126,405
Total fund balances	60,517	39,252	2,549	9,230	232,052
Total liabilities and fund balances	$239,861	$52,767	$3,098	$9,361	$252,946

Water Recreation Resources	Employment Security Assessment	Accommodations Tax	Energy Settlement	Omnibus Crime	Other Special Revenue	Eliminations	Totals
$ 3,644	$ 3,809	$ 3,888	$36,017	$7,143	$5,716	$ —	$349,867
—	—	—	380	—	76	—	29,308
75	1,349	4,890	—	—	—	—	61,129
—	—	—	—	—	2,619	—	15,078
—	—	—	—	—	403	—	120,523
90	—	1,629	—	4	151	(11,377)	23,016
—	—	—	1	408	35	(2,033)	107
—	—	—	—	—	741	—	1,979
—	—	—	—	—	—	—	15,915
—	—	—	—	—	—	—	769
$3,809	$5,158	$10,407	$36,398	$7,555	$9,741	$(13,410)	$617,691
$ 6	$ 189	$ —	$ 50	$ 313	$ 56	$ —	$104,644
1	—	15	—	—	—	—	313
—	—	10,093	45	—	—	—	58,830
4	112	19	8	292	33	(11,377)	5,322
35	75	36	—	—	616	(2,033)	10,520
—	—	—	—	—	8	—	239
1	109	88	—	—	—	—	30,020
—	—	—	—	—	—	—	3,339
47	485	10,251	103	605	713	(13,410)	213,227
—	—	—	—	—	—	—	15,915
—	—	—	—	—	741	—	1,979
—	—	—		—	2,617	—	14,605
—	—	—	—	—	—	—	93,010
3,762	4,673	156	36,295	6,950	5,670	—	278,955
3,762	4,673	156	36,295	6,950	9,028	—	404,464
$3,809	$5,158	$10,407	$36,398	$7,555	$9,741	$(13,410)	$617,691

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Interfund Loan Sinking	Hazardous Waste Contingency	Highway Department Special Revenue
Revenues:						
Taxes	$ 1,071	$251,527	$ 42	$ –	$ –	$291,428
Licenses, fees, and permits	13,707	14	–	–	2,792	75,608
Interest and other investment income	445	1,455	–	1	525	524
Federal	983,562	–	40	–	–	3,012
Departmental services	77,736	–	61	–	–	13,987
Contributions	7,141	–	150	–	–	–
Other	38,600	64	280	1	–	1,104
Total revenues	1,122,262	253,060	573	2	3,317	385,663
Expenditures:						
Current:						
General governmental	11,412	66	798	–	–	–
Education	55,997	6,407	201	–	–	–
Individual and family services	730,335	873	1,894	–	296	–
Administration of justice	10,352	483	2,715	–	–	–
Resources and economic development	34,614	–	1,595	–	–	–
Transportation	507	–	–	–	–	187,459
Capital outlay	–		–	–	–	29,252
Debt service:						
Principal retirement	793	–	–	–	–	337
Interest and fiscal charges	250	–	–	–	–	–
Intergovernmental	257,029	243,537	–	–	–	–
Total expenditures	1,101,289	251,366	7,203	–	296	217,048
Revenues over (under) expenditures	20,973	1,694	(6,630)	2	3,021	168,615
Other financing sources (uses):						
Lease and installment debt proceeds	19	–	–	–	–	–
Operating transfers in	23,245	–	6,294	–	–	11,343
Operating transfers out	(26,153)	(8,742)	(583)	(2)	–	(207,131)
Total other financing sources (uses)	(2,889)	(8,742)	5,711	(2)	–	(195,788)
Revenues and other sources over (under) expenditures and other uses	18,084	(7,048)	(919)	–	3,021	(27,173)
Fund balances, July 1, 1987 (restated)	42,304	46,300	3,468	–	6,209	257,894
Increases (decreases) in reserve for inventories	129	–	–	–	–	1,331
Fund balances, June 30, 1988	$ 60,517	$ 39,252	$2,549	$ –	$9,230	$232,052

Water Recreation Resources	Employment Security Assessment	Accommodations Tax	Energy Settlement	Omnibus Crime	Other Special Revenue	Eliminations	Totals
$ 756	$4,859	$12,683	$ –	$ –	$ 51	$ –	$ 562,417
–	–	–	–	700	1,018	–	93,839
–	–	–	2,435	–	314	–	5,699
–	–	–	–	–	435	–	987,049
–	–	–	–	–	76	–	91,860
–	–	–	–	–	–	–	7,291
–	–	11	2,608	5,715	40	–	48,423
756	4,859	12,694	5,043	6,415	1,934	–	1,796,578
–	3,768	–	308	76	1,888	–	18,316
–	–	–	–	–	–	–	62,605
–	–	–	–	–	177	–	733,575
–	–	–	–	6,087	154	–	19,791
296	–	–	6	–	786	–	37,297
–	–	–	–	–	–	–	187,966
–	–	–	–	–	–	–	29,252
–	–	–	–	–	–	–	1,130
–	–	–	–	–	–	–	250
205	–	12,576	2,496		287	–	516,130
501	3,768	12,576	2,810	6,163	3,292	–	1,606,312
255	1,091	118	2,233	252	(1,358)	–	190,266
–	–	–	–	–	–	–	19
–	–	–	–	–	2,283	(42,965)	200
–	–	–	–	–	(538)	42,965	(200,184)
–	–	–	–	–	1,745	–	(199,965)
255	1,091	118	2,233	252	387	–	(9,699)
3,507	3,582	38	34,062	6,698	8,657	–	412,719
–	–	–	–	–	(16)	–	1,444
$3,762	$4,673	$ 156	$36,295	$6,950	$9,028	$ –	$ 404,464

The new Richland Fashion Mall in Columbia has brought internationally-known retailers to South Carolina.

Enterprise Funds

Enterprise Funds account for business-like State activities that provide goods and/or services to the public. These funds are financed primarily through user charges. The State maintains the following Enterprise Funds:

Public Service Authority. The Public Service Authority produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments.

Housing Authority. The State Housing Finance and Development Authority facilitates medium-income and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers Federal grants and contracts. The Authority is supported primarily by mortgage interest.

Ports Authority. The Ports Authority develops and maintains State-owned harbors and seaports. It handles the commerce through these harbors and is responsible for the operation of six ocean terminals. The Authority operates on fees charged to users of the facilities and services of the Ports Authority.

Public Railways Commission. The Public Railways Commission owns and operates railroad lines, yards, and switching activities near or around certain State ports. The Commission's operations are financed by user charges and leasing fees.

Patriots' Point Development Authority. The Patriots' Point Development Authority is responsible for developing and operating the Patriots' Point area near Charleston, including a Naval Museum. The Authority is supported by user fees.

Canteens Fund. This fund accounts for certain self-supporting canteen operations at State institutions. These canteens serve the institutions' inmates, patients, and visitors.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State.

Education Assistance Authority. This fund includes the operations of the State Education Assistance Authority and the South Carolina Student Loan Corporation. The Authority issues bonds and makes loans to students of the State to enable them to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, investment earnings, and some State appropriations.

Research Authority. The South Carolina Research Authority is developing and marketing a system of research parks as well as developing and managing research and development contracts. The Authority's purpose is to foster research capabilities in the State's public and private universities.

Other Enterprise Funds. Other enterprise activities of the State include operation of the Carolina Cup Racing Association, Inc., and operation of certain programs of the Jobs Economic Development Authority.

This Southeastern Freight Lines Terminal in Columbia is part of a transportation network that takes advantage of the state's five interstate highways, linking the state with every state east of the Mississippi.

Combining Balance Sheet

ENTERPRISE FUNDS

June 30, 1988
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
ASSETS				
Current assets:				
Cash	$ 4,877	$ 337	$ 650	$ –
Investments	30,227	90,286	4,036	3,364
Receivables (net):				
Accounts	54,287	6,955	6,572	521
Loans and notes	–	–	–	–
Due from Federal government and other grantors	–	–	–	–
Due from other funds	–	202	–	–
Interfund receivables	–	16,884	–	–
Inventories	47,982	–	638	281
Other current assets	1,898	9,167	1,706	112
Deferred charges	–	1,215	–	–
Total current assets	139,271	125,046	13,602	4,278
Long-term and restricted assets:				
Investments, cost or amortized cost	–	48,160	–	–
Receivables (net):				
Student loans	–	–	–	–
Loans and notes	–	535,855	–	–
Net investment in lease	–	–	–	–
Restricted assets	305,929	–	16,977	55
Other long-term assets	–	–	–	–
Deferred charges	472,316	–	107	–
Total long-term and restricted assets	778,245	584,015	17,084	55
Property, plant, and equipment:				
Land and improvements	–	–	81,266	5,215
Buildings and improvements	–	–	125,594	766
Utility plant	2,150,395	–	–	–
Machinery, equipment, and other	527	442	23,725	35
Construction in progress	78,721	–	9,712	–
Less: accumulated depreciation	(480,031)	(118)	(72,783)	(1,104)
Total property, plant, and equipment	1,749,612	324	167,514	4,912
Total assets	$2,667,128	$709,385	$198,200	$9,245

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Eliminations	Totals
$ 191	$ 136	$ 887	$ 1,715	$ 694	$ 220	$ –	$ 9,707
505	–	–	31,513	–	–	–	159,931
80	–	115	1,688	95	11	–	70,324
–	–	–	39	–	–	–	39
–	–		1,314	5,319	5	–	6,638
–	–	–	–	–	40	(42)	200
–	–	–	–	–	–	(151)	16,733
104	586	–	–	–	–	–	49,591
29	–	–	12	–	10	–	12,934
–	–	–	–	–	–	–	1,215
909	722	1,002	36,281	6,108	286	(193)	327,312
–	1,130	20,847	–	–	73	–	70,210
–	–	–	70,211	–	–	–	70,211
–	–	–	–	–	–	–	535,855
5,190	–	–	–	–	–	–	5,190
7,838	–	–	–	–	–	–	330,799
2,743	–	–	–	–	–	–	2,743
–	–	–	–	–	–	–	472,423
15,771	1,130	20,847	70,211	–	73	–	1,487,431
2,917	–	–	–	10,524	–	–	99,922
395	–	–	–	–	638	–	127,393
–	–	–	–	–	–	–	2,150,395
5,877	430	15	464	389	61	–	31,965
6,634	–	–	–	–	–	–	95,067
(2,400)	(252)	(2)	(154)	(292)	(54)	–	(557,190)
13,423	178	13	310	10,621	645	–	1,947,552
$30,103	$2,030	$21,862	$106,802	$16,729	$1,004	($193)	$3,762,295

Continued on Next Page

Combining Balance Sheet

ENTERPRISE FUNDS (Continued)

June 30, 1988
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	$ 31,070	$ 25,593	$ 4,700	$ 352
Intergovernmental payables	–	–	–	–
Insurance claims incurred but not reported	–	–	–	–
Due to other funds	–	49	–	–
Interfund payables	–	–	–	151
Deferred revenues	–	–	–	26
Deposits	4,971	–	–	–
Liabilities payable from restricted assets	–	–	–	274
Notes payable	–	–	–	–
Revenue bonds payable	–	10,125	820	–
Capital lease and installment debt obligations payable		–	143	–
Compensated absences payable	–	–	–	169
Other current liabilities	67,085	12,476	160	80
Total current liabilities	103,126	48,243	5,823	1,052
Long-term liabilities:				
Accrued liabilities	68,222	–	–	–
Advances from other funds	–	–	–	–
Deferred revenues and deferred credits	16,572	–	–	1,798
Deferred compensation	–	–	–	–
Notes payable	–	–	–	–
Revenue bonds payable	1,938,332	593,791	8,910	–
Capital lease and installment debt obligations payable	68,949	–	497	–
Other long-term liabilities	9,326	–	–	–
Total long-term liabilities	2,101,401	593,791	9,407	1,798
Total liabilities	2,204,527	642,034	15,230	2,850
Fund Equity:				
Contributed capital	34,438	–	137,397	4,243
Retained earnings:				
Reserved for special purposes	–	–	–	–
Unreserved	428,163	67,351	45,573	2,152
Total fund equity	462,601	67,351	182,970	6,395
Total liabilities and fund equity	$2,667,128	$709,385	$198,200	$9,245

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Eliminations	Totals
$ 2,181	$ 215	$ 15,428	$ 1,563	$ 3,942	$ 44	$ –	$ 85,088
–	–	–	40	–	–	–	40
–	–	5,384	–	–	–	–	5,384
19	40	4	–	–	4	(42)	74
116	–	–	–	–	–	(151)	116
–	–	2,589	–	107	–	–	2,722
–	–	–	–	–	–	–	4,971
–	–	–	–	–	–	–	274
38	–	–	–	–	60	–	98
–	–	–	–	–	–	–	10,945
–	–	–	–	46	–	–	189
–	55	10	–	–	12	–	246
–	–	–	–	–	–	–	79,801
2,354	310	23,415	1,603	4,095	120	(193)	189,948
–	–	–	–	–	–	–	68,222
2,102	–	–	–	–	–	–	2,102
–	–	–	–	–	–	–	18,370
–	–	–	–	81	–	–	81
76	–	–	–	–	230	–	306
20,817	–	–	72,945	–	–	–	2,634,795
–	–	–	–	–	–	–	69,446
–	–	–	1,261	–	–	–	10,587
22,995	–	–	74,206	81	230	–	2,803,909
25,349	310	23,415	75,809	4,176	350	(193)	**2,993,857**
4,409	11	–	–	7,453	–	–	187,951
–	–	–	–	–	83	–	83
345	1,709	(1,553)	30,993	5,100	571	–	580,404
4,754	1,720	(1,553)	30,993	12,553	654	–	**768,438**
$30,103	$2,030	$21,862	$106,802	$16,729	$1,004	($193)	**$3,762,295**

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Operating revenues:				
Charges for services	$ 491,980	$ 488	$ 43,408	$ 1,721
Contributions	–	–	–	–
Interest and other investment income	–	64,707	–	–
Other operating revenues	–	–	–	–
Total operating revenues	491,980	65,195	43,408	1,721
Operating expenses:				
General operations and administration	281,287	1,956	25,865	2,111
Benefits and claims	–	–	–	–
Interest	–	53,435	–	–
Depreciation and amortization	72,652	2,539	8,792	106
Costs to be recovered from future revenues	(27,432)	–	–	–
Other operating expenses	3,055	–	–	–
Total operating expenses	329,562	57,930	34,657	2,217
Operating income (loss)	162,418	7,265	8,751	(496)
Nonoperating revenues (expenses):				
Interest income	24,737	–	1,671	192
Federal revenue	–	10,800	–	–
Interest expense	(147,908)	–	(945)	(113)
Other nonoperating revenues (expenses)	(118)	(11,555)	1,023	522
Total nonoperating revenues (expenses)	(123,289)	(755)	1,749	601
Income before operating transfers	39,129	6,510	10,500	105
Operating transfers in	–	425	–	–
Operating transfers out	(3,003)	(451)	–	–
Net income	36,126	6,484	10,500	105
Retained earnings, July 1, 1987 (restated)	392,037	60,867	35,073	2,047
Retained earnings, June 30, 1988	428,163	67,351	45,573	2,152
Contributed capital, July 1, 1987 (restated)	34,438	–	137,397	4,124
Additions to contributed capital	–	–	–	119
Deductions from contributed capital	–	–	–	–
Fund equity, June 30, 1988	$462,601	$67,351	$182,970	$6,395

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina-tions	Totals
$3,423	$6,466	$ –	$ 1,906	$14,984	$457	$ –	$564,833
–	–	–	–	78	73	–	151
–	–	–	6,313	–	–	–	71,020
–	–	5,604	–	–	–	–	5,604
3,423	6,466	5,604	8,219	15,062	530	–	641,608
2,655	6,413	161	2,338	14,110	374	–	337,270
–	–	4,460	–	–	–	–	4,460
–	–	–	5,655	–	–	–	59,090
297	45	2	47	207	33	–	84,720
–	–	–	–	–	–	–	(27,432)
43	83	6	168	193	216	–	3,764
2,995	6,541	4,629	8,208	14,510	623	–	461,872
428	(75)	975	11	552	(93)	–	179,736
20	–	1,567	–	46	4	–	28,237
–	–	–	4,111	–	59	–	14,970
(150)	–	–	–	(57)	(20)	–	(149,193)
–	96	(118)	(1,051)	(46)	10	–	(11,237)
(130)	96	1,449	3,060	(57)	53	–	(117,223)
298	21	2,424	3,071	495	(40)	–	62,513
–	–	–	2,225	–	116	(425)	2,341
–	–	–	–	–	–	425	(3,029)
298	21	2,424	5,296	495	76	–	61,825
47	1,688	(3,977)	25,697	4,605	578	–	518,662
345	1,709	(1,553)	30,993	5,100	654	–	580,487
4,409	6	–	–	4,987	–	–	185,361
–	6	–	–	2,466	–	–	2,591
–	(1)	–	–	–	–	–	(1)
$4,754	$1,720	$(1,553)	$30,993	$12,553	$654	$ –	$768,438

Combining Statement of Changes in Financial Position

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Sources of working capital:				
Operations:				
Net income	$ 36,126	$ 6,484	$10,500	$ 105
Items not requiring (providing) working capital:				
Depreciation and amortization	72,652	2,539	8,792	106
Loss on disposition of property and equipment	–	–	272	–
Other	(5,982)	(2,485)	(13)	–
Total sources from operations	102,796	6,538	19,551	211
Decreases in long-term investments	–	–	–	3,046
Decreases in student loans receivable, net	–	–	–	–
Decreases in loans and notes receivable, net	–	16,416	–	–
Decreases in restricted assets	39,899	–	–	60
Decreases in deferred charges	–	–	13	–
Increases in deferred revenues and deferred credits	228	–	–	–
Increases in notes payable	–	–	–	–
Increases in revenue bonds payable	–	9,105	–	–
Increases in capital lease and installment debt obligations–long-term	–	–	354	–
Increases in other long-term liabilities	3,100	–	–	–
Additions to contributed capital	–	–	–	119
Total sources of working capital	146,023	32,059	19,918	3,436
Uses of working capital:				
Increases in long-term investments	–	1,150	–	–
Increases in net investment in lease	–	–	–	–
Increases in restricted assets	–	–	481	–
Increases in other long-term assets	–	–	–	–
Increases in deferred charges	22,906	–	–	–
Decreases in accrued liabilities	2,891	–	–	–
Decreases in advances from other funds	–	–	–	–
Decreases in deferred revenues and deferred credits	–	–	–	79
Decreases in deferred compensation	–	–	–	–
Reductions of notes payable	–	–	–	–
Reductions of revenue bonds payable	32,502	–	820	–
Reductions of capital lease and installment debt obligations–long-term	2,806	–	–	–
Decreases in other long-term liabilities	–	–	–	6
Acquisitions of property and equipment	88,055	69	18,013	227
Total uses of working capital	149,114	1,219	19,314	312
Net increases (decreases) in working capital	$ (3,091)	$30,840	$ 604	$3,124

Patriots Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Eliminations	Totals
$ 298	$ 21	$ 2,424	$ 5,296	$ 495	$ 76	$ —	$ 61,825
297	45	2	47	207	33	—	84,720
—	14	—	—	—	—	—	286
464	—	—	5	—	—	—	(8,011)
1,059	80	2,426	5,348	702	109	—	138,820
—	57	—	—	—	74	(3,177)	—
—	—	—	12,131	—	—	—	12,131
—	—	—		—	—	—	16,416
11,030			—	—	—	(481)	50,508
—	—	—	—	—	—	(13)	—
—		—	—		—	(79)	149
—					230	(38)	192
1,474	—	—		—	—	(10,579)	—
—	—	—		—	—	(354)	—
—				—	—	(3,100)	—
—	—			2,466		—	2,585
13,563	137	2,426	17,479	3,168	413	(17,821)	220,801
—		1,548				(3,177)	1,541
5,190						—	5,190
—						(481)	—
2,743					—	—	2,743
—						(13)	22,847
—						—	2,891
228							228
—						(79)	—
—				19		—	19
38						(38)	—
—			[illegible]			(10,579)	32,558
—						(354)	2,452
—			[illegible]	[illegible]	[illegible]	(3,100)	4,174
6,466	[illegible]	[illegible]	[illegible]	[illegible]	176		115,695
14,665	35	3,580	16,069	3,605	246	(17,821)	190,338
$(1,102)	$102	$(1,154)	$ 1,410	$(437)	$167	$	$ 30,463

Continued on Next Page

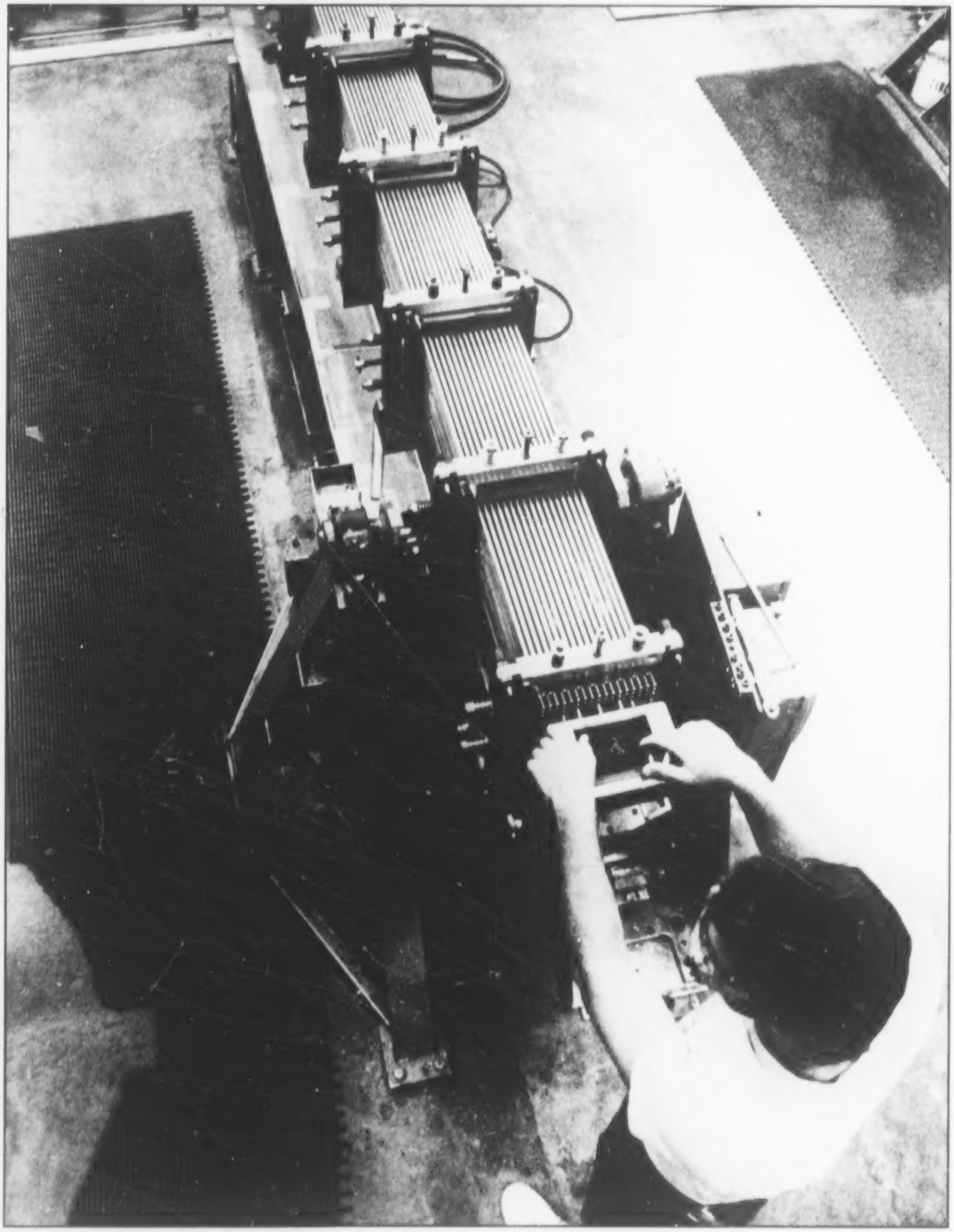
Combining Statement of Changes in Financial Position

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Components of net increases (decreases) in working capital:				
Cash	$ 4,877	$ 337	$ 650	$ –
Cash on deposit with fiscal agents	(3,149)	(17,375)	–	–
Investments	(1,399)	9,919	324	3,364
Accounts receivable, net	(3,573)	363	(309)	54
Patient and student receivables	–	–	–	–
Loans and notes receivable-current portion	–	–	–	–
Due from Federal government and other grantors	–	–	–	–
Due from other funds	–	(1,025)	(22)	–
Interfund receivables	–	16,884	–	–
Inventories	12,078	–	(105)	16
Other current assets	(542)	9,113	32	(16)
Deferred charges	–	(185)	–	–
Accounts payable and accrued liabilities	(2,375)	2,111	(9)	(90)
Intergovernmental payables	–	–	–	–
Due to other funds	–	(19)	–	26
Interfund payables	–	–	–	(151)
Deferred revenues and deferred credits	–	–	–	4
Deposits	(281)	–	–	–
Liabilities payable from restricted assets	–	–	–	(41)
Notes payable	–	–	–	–
Revenue bonds payable	–	20,300	(40)	–
Capital lease and installment debt obligations–current	–	–	49	–
Compensated absences payable	–	–	–	(39)
Other current liabilities	(8,727)	(9,583)	34	(3)
Net increases (decreases) in working capital	$(3,091)	$30,840	$ 604	$3,124

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina- tions	Totals
$ 191	$ 136	$ 887	$ 1,715	$ 694	$ 220	$ –	$ 9,707
–	–	–	(1,065)	–	–	–	(21,589)
3	–	–	(1,023)	–	(8)	–	11,180
7	–	–	406	6	(1)	–	(3,047)
–	–	–	(127)	–	–	–	(127)
–	–	–	39	–	–	–	39
–	–	–	323	1,690	–	–	2,013
(112)	(177)	(506)	(25)	(1,929)	(7)	8	(3,795)
–	–	–	–	–	–	(151)	16,733
58	(16)	–	–	–	–	–	12,031
14	–	–	4	–	2	–	8,607
–	–	–	–	–	–	–	(185)
(1,227)	184	(1,124)	569	(1,015)	(35)	–	(3,011)
–	–	–	184	–	–	–	184
–	(13)	7	–	–	(2)	(8)	(9)
(116)	–	–	–	–	–	151	(116)
–	–	(418)	–	(19)	59	–	(374)
–	–	–	–	–	–	–	(281)
–	–	–	–	–	–	–	(41)
5	–	–	–	–	(60)	–	(55)
–	–	–	–	–	–	–	20,260
–	–	–	–	136	–	–	185
75	(12)	–	–	–	(1)	–	23
–	–	–	410	–	–	–	(17,869)
$(1,102)	$ 102	$(1,154)	$ 1,410	$ (437)	$167	$ –	$30,463



Westinghouse's Commercial Nuclear Fuel Division in Columbia, South Carolina, is the largest such facility in the country. Here a Westinghouse employee completes the manufacture of a fuel assembly at the company's Columbia plant.

Internal Service Funds

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-reimbursement basis. The State uses the following Internal Service Funds:

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. The Fund's customers are limited by law to certain governmental persons/entities within the State and certain associated parties.

Health and Disability Insurance Fund. This is a risk management fund which underwrites the group health, dental, and related benefits provided to State and public school employees and retirees.

Workers' Compensation Fund. This is a risk management fund which provides workers' compensation benefits to State employees. Premiums are collected from State agencies.

State Employee Unemployment Compensation Fund. This is a risk management fund that provides unemployment benefits to prior State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include rental of office buildings, janitorial services, building maintenance, and procurement services.

Central Supplies and Equipment Fund. This fund sells office supplies and equipment, food, and paper products to other governmental units. It also stores food and paper products for State agencies.

Information Resources Management Fund. This fund provides telecommunication services and equipment, computer services, information technology planning and assistance in equipment and system selections, and printing services to governmental entities.

Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Highway Department Internal Service Fund. This fund accounts for various service activities of the Department of Highways and Public Transportation. The fund provides data processing and printing services, equipment rentals, and office and engineering supplies to other divisions and county offices of the Department.

Employee Benefits Administration Fund. This fund administers the public employee retirement systems and the health and dental insurance plans maintained by the State. Revenues of the fund consist of assessments charged to the four Pension Trust Funds and to the Health and Disability Insurance Fund.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Internal Service Funds. Such activities include provision of training programs for State employees and work activity centers of the Department of Vocational Rehabilitation.

This Trident Research Center in North Charleston is part of South Carolina's Research Authority, a major initiative to develop research oriented industry in the state.

Combining Balance Sheet

INTERNAL SERVICE FUNDS

June 30, 1988
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
ASSETS						
Current assets:						
Cash	$ —	$ 2	$ 25	$ —	$ —	$ —
Investments	—	25,275	—	—	7,402	901
Receivables (net):						
Accounts	4,414	500	1,030	—	86	94
Loans and notes	21	—	—	—	—	—
Due from Federal government and other grantors	—	—	—	—	116	—
Due from other funds	3,092	291	3,926	—	2,068	1,159
Interfund receivables	2,330	1,093	—	—	1,462	—
Inventories	—	—	—	—	156	4,149
Other current assets	4,546	—	—	—	—	—
Total current assets	14,403	27,161	4,981	—	11,290	6,303
Long-term assets:						
Long-term investments	134,786	—	14,211	3,830	—	—
Loans and notes receivable, net	10	—	—	—	—	—
Advances to other funds	29,873	—	—	—	21,414	—
Total long-term assets	164,669	—	14,211	3,830	21,414	—
Property, plant, and equipment:						
Land and improvements	—	—	—	—	3,976	—
Buildings and improvements	—	—	—	—	106,505	—
Machinery, equipment, and other	415	—	271	—	1,519	16
Construction in progress	—	—	—	—	12,475	—
Less: accumulated depreciation	(43)	—	(63)	—	(19,107)	(11)
Total property, plant, and equipment	372	—	208	—	105,368	5
Total assets	$179,444	$27,161	$19,400	$3,830	$138,072	$6,308
LIABILITIES AND FUND EQUITY						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	$ 18,835	$ 72	$25,652	$ —	$ 1,598	$ 953
Insurance claims incurred but not reported	28,631	41,742	5,900	—	—	—
Due to other funds	46	29	52	1,795	3,212	8
Interfund payables	1,080		2	35	3,782	1,023
Deferred revenues	15,633	—	734	—	—	—
Capital lease and installment debt obligations payable	—		—	—	1,225	7
Compensated absences payable	120		104	—	443	11
Other current liabilities	—	2,694	—	—	266	—
Total current liabilities	64,345	44,537	32,444	1,830	10,526	2,002
Long-term liabilities:						
Advances from other funds	—		11	—	37,713	—
Capital lease and installment debt obligations payable	—	—	—	—	42,406	3
Other long-term liabilities	7,003	2,800	—	—	—	—
Total long-term liabilities	7,003	2,800	11	—	80,119	3
Total liabilities	71,348	47,337	32,455	1,830	90,645	2,005
Fund Equity:						
Contributed capital	—	—	—	—	63,590	—
Retained earnings	108,096	(20,176)	(13,055)	2,000	(16,163)	4,303
Total fund equity	108,096	(20,176)	(13,055)	2,000	47,427	4,303
Total liabilities and fund equity	$179,444	$27,161	$19,400	$3,830	$138,072	$6,308

Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Adminis-tration	Prison Industries	Other Internal Service	Elimina-tions	Totals
$ –	$ –	$ –	$ –	$ 31	$ 28	$ –	$ 86
1,304	1,767	4,213	748	297	–	–	41,907
44	–	–	–	324	–	–	6,492
–	–	–	–	–	–	–	21
–	–	–	–	–	–	–	116
2,543	808	–	–	477	8	(5,615)	8,757
528	–	–	–	–	–	(3,738)	1,675
420	9	–	–	1,791	–	–	6,525
–	–	–	–	–	–	–	4,546
4,839	2,584	4,213	748	2,920	36	(9,353)	70,125
–	–	–	–	–	3,487	–	156,314
–	–	–	–	–	–	–	10
2,596	–	–	–	–	–	(41,790)	12,093
2,596	–	–	–	–	3,487	(41,790)	168,417
–	220			–	–	–	4,196
–	465	–	–	–	–	–	106,970
47,864	9,554	5,688	1,389	5,244	79	–	72,039
–	–		–	–	–	–	12,475
(15,608)	(5,427)	(3,039)	(654)	(2,744)	(38)	–	(46,734)
32,256	4,812	2,649	735	2,500	41	–	148,946
$39,691	$7,396	$6,862	$1,483	$5,420	$3,564	$(51,143)	$387,488
$ 1,271	$ 350	$	$ 526	$ 531	$ 55	$ –	$ 49,843
–	–	–	–	–	–	–	76,273
155	144	–	44	89	41	(5,615)	–
370	42	23	5	–	50	(3,738)	2,674
–	–	–	–	–	–	–	16,367
5,079	–	–	–	–	–	–	6,311
472	41	–	364	193	69	–	1,817
–	–	–	–	–	–	–	2,960
7,347	577	23	939	813	215	(9,353)	156,245
11,927	375				–	(41,790)	8,236
22,877	–				–	–	65,286
–	–				–	–	9,803
34,804	375					(41,790)	83,325
42,151	952	23	939	813	215	(51,143)	239,570
–		6,398	8	1,944	–	–	71,940
(2,460)	6,444	441	536	2,663	3,349	–	75,978
(2,460)	6,444	6,839	544	4,607	3,349	–	147,918
$39,691	$7,396	$6,862	$1,483	$5,420	$3,564	$(51,143)	$387,488

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
Operating revenues:						
Charges for services	$ 41,978	$ 225,106	$ –	$ –	$ 22,028	$ 13,852
Contributions	–	–	17,811	4,166	–	–
Interest and other investment income	12,877	1,499	–	–	–	–
Other operating revenues	–	–	–	–	–	–
Total operating revenues	54,855	226,605	17,811	4,166	22,028	13,852
Operating expenses:						
General operations and administration	28,269	4,658	1,383	35	14,338	13,965
Benefits and claims	30,968	206,038	21,930	2,336	–	–
Depreciation and amortization	13	–	18	–	2,624	2
Other operating expenses	321	25,762	89	–	1,493	22
Total operating expenses	59,571	236,458	23,420	2,371	18,455	13,989
Operating income (loss)	(4,716)	(9,853)	(5,609)	1,795	3,573	(137)
Nonoperating revenues (expenses):						
Interest income	481	–	–	–	2,238	–
Federal revenue	–	–	–	–	74	–
Interest expense	–	–	(1)	–	(6,301)	–
Other nonoperating revenues (expenses)	142	–	–	–	365	–
Total nonoperating revenues (expenses)	623	–	(1)	–	(3,624)	–
Income (loss) before operating transfers	(4,093)	(9,853)	(5,610)	1,795	(51)	(137)
Operating transfers in	–	–	1,795	–	760	–
Operating transfers out	(1,530)	(2,445)	–	(1,795)	(761)	(240)
Net income (loss)	(5,623)	(12,298)	(3,815)	–	(52)	(377)
Retained earnings, July 1, 1987 (restated)	113,719	(7,878)	(9,240)	2,000	(16,111)	4,680
Retained earnings, June 30, 1988	108,096	(20,176)	(13,055)	2,000	(16,163)	4,303
Contributed capital, July 1, 1987 (restated)	–	–	–	–	57,682	–
Additions to contributed capital	–	–	–	–	5,908	–
Deductions from contributed capital	–	–	–	–	–	–
Fund equity, June 30, 1988	$108,096	$(20,176)	$(13,055)	$2,000	$47,427	$ 4,303

Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Adminis-tration	Prison Industries	Other Internal Service	Elimina-tions	Totals
$ 22,483	$ 3,857	$ 1,815	$ –	$ 7,268	$ 1,207	$ –	$ 339,594
–	–	–	–	–	–	–	21,977
–	–	–	–	–	–	–	14,376
–	–	–	–	–	235	–	235
22,483	3,857	1,815	–	7,268	1,442	–	376,182
16,149	2,145	867	6,383	7,174	1,284	–	96,650
110	–	–	–	–	84	–	261,466
6,753	1,711	847	236	394	5	–	12,603
208	198	8	77	89	6	–	28,273
23,220	4,054	1,722	6,696	7,657	1,379	–	398,992
(737)	(197)	93	(6,696)	(389)	63	–	(22,810)
480	–	–	–	–	256	–	3,455
–	–	–	–	–	–	–	74
(3,256)	(29)	–		(9)	–	–	(9,596)
(71)	(53)	–	77	(3)	(40)	–	417
(2,847)	(82)	–	77	(12)	216	–	(5,650)
(3,584)	(279)	93	(6,619)	(401)	279	–	(28,460)
2,856	277		6,651	–	–	(6,570)	5,769
–	–		–	–	–	6,570	(201)
(728)	(2)	93	32	(401)	279	–	(22,892)
(1,732)	6,446	348	504	3,064	3,070	–	98,870
(2,460)	6,444	441	536	2,663	3,349	–	75,978
–	–	4,894	–	553	–	–	63,129
–	–	1,774	8	1,391	–	–	9,081
–	–	(270)	–	–	–	–	(270)
$ (2,460)	$6,444	$ 6,839	$ 544	$4,607	$3,349	$ –	$147,918

Combining Statement of Changes in Financial Position

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
Sources of working capital:						
Operations:						
Net income (loss)	$ (5,623)	$(12,298)	$ (3,815)	$ —	$ (52)	$ (377)
Items not requiring working capital:						
Depreciation	13	—	18	—	2,624	2
(Gain) loss on disposition of property and equipment	—	—	—	—	250	—
Other	19	—	—	—	8,022	—
Total sources (uses) from operations	(5,591)	(12,298)	(3,797)	—	10,844	(375)
Decreases in long-term investments	—	—	—	5,885	—	—
Decreases in loans and notes receivable, net	31	—	—	—	—	—
Decreases in advances to other funds	2,064	—	—	—	1,256	—
Increases in advances from other funds	—	—	—	—	—	—
Increases in other long-term liabilities	7,003	2,800	—	—	—	—
Proceeds on disposal of property and equipment	—	—	—	—	3	—
Additions to contributed capital		—	—	—	5,908	—
Total sources (uses) of working capital	3,507	(9,498)	(3,797)	5,885	18,011	(375)
Uses of working capital:						
Increases in long-term investments	27,563		7,583	—	—	—
Decreases in advances from other funds	—		4	—	4,941	—
Reductions of capital lease and installment debt obligations--long-term			—	—	2,374	8
Acquisitions of property and equipment	337	—	175	—	13,206	—
Total uses of working capital	27,900	—	7,762	—	20,521	8
Net increases (decreases) in working capital	$(24,393)	$ (9,498)	$(11,559)	$5,885	$(2,510)	$ (383)
Components of net increases (decreases) in working capital:						
Cash	$ —	$ 2	$ 25	$ —	$ —	$ —
Investments	—	5,328	—	—	3,772	(181)
Accounts receivable, net	(2,349)	183	297	—	10	32
Loans and notes receivable—current portion	17	—	—	—	—	—
Due from Federal government and other grantors	—	—	—	—	69	—
Due from other funds	1,736	(2,830)	(3,422)	(1)	(225)	910
Interfund receivables	2,330	1,093	—	—	1,462	—
Inventories	—	—	—	—	(14)	(375)
Other current assets	(426)	—	—	—	—	—
Accounts payable and accrued liabilities	(3,751)	(72)	(8,290)	—	(726)	(95)
Insurance claims incurred but not reported	(11,881)	(13,042)	(1,066)	—	—	—
Due to other funds	47	(29)	751	5,921	(2,577)	349
Interfund payables	(1,080)	—	(2)	(35)	(3,782)	(1,023)
Deferred revenues	(9,064)	—	165	—	5	—
Capital lease and installment debt obligations—current	—	—	—	—	(244)	—
Compensated absences payable	(16)	—	(17)	—	(6)	—
Other current liabilities	44	(131)	—	—	(254)	—
Net increases (decreases) in working capital	$(24,393)	$ (9,498)	$(11,559)	$5,885	$(2,510)	$ (383)

Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Administration	Prison Industries	Other Internal Service	Eliminations	Totals
$ (728)	$ (2)	$ 93	$ 32	$(401)	$279	$ —	$ (22,892)
6,753	1,711	847	236	394	5	—	12,603
76	53	—	7	(1)	4	—	389
(1,304)	(170)	(464)		74	4	—	6,181
4,797	1,592	476	275	66	292	—	(3,719)
—	—			—	—	(5,885)	—
—	—					—	31
730	—			—	—	(2,097)	1,953
—	375				—	(375)	—
—	—				—	—	9,803
1	205		—	24	—		233
—	—	—	8	—	—		5,916
5,528	2,172	476	283	90	292	(8,357)	14,217
—	—				180	(5,885)	29,441
54	—	—				(2,472)	2,527
4,378		—				—	6,760
1,143	2,431	—	200	110	15	—	17,617
5,575	2,431	—	200	110	195	(8,357)	56,345
$ (47)	$ (259)	$ 476	$ 83	$ (20)	$ 97	$ —	$(42,128)
$ —	$ —	$ —	$ —	$ 31	$ 28	$ —	$ 86
(176)	(116)	4,213	149	(467)		—	12,522
32				126	(1)	—	(1,670)
—		—					17
—	—	—				—	69
375	1	(4,213)	(14)	(413)	1	5,592	(2,603)
528				—		(3,738)	1,675
42	1			719		—	373
—	—					—	(426)
(214)	(268)		(130)	(66)	55	—	(13,557)
—	—	—			—	—	(25,989)
183	165	499	123	84	56	(5,592)	80
(370)	(42)	(23)	(5)		(50)	3,738	(2,674)
—			—		—	—	(8,894)
(382)	—	—	—	—	—	—	(626)
(65)	—		(40)	(34)	8	—	(170)
—	—	—	—	—	—	—	(341)
$ (47)	$ (259)	$ 476	$ 83	$ (20)	$ 97	$ —	$(42,128)

The Charleston Naval Shipyard is one of the state's largest employers, and is a major part of the state's defense oriented industry.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for resources the State holds as trustee. Both the principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. The State uses the following Expendable Trust Funds:

Radioactive Waste Contingency Fund. A private company operates a low-level radioactive waste disposal facility within the State. The State and the company have entered into a trust agreement with the State Treasurer as trustee. The company has deposited monies into the trust fund to provide for site cleanup in the event that there is seepage into the groundwater or the site is abandoned.

Unemployment Compensation Benefits Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

Second Injury Fund. This fund accounts for assessments made on insurance carriers, self-insurers, and the Workers' Compensation Fund. These assessments are used to pay claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment.

Defeasance Trust Fund. This fund is an irrevocable bond defeasance trust fund established to hold sufficient resources to satisfy outstanding debt. The State Treasurer holds these assets in the capacity of an independent trustee. The related debt is no longer considered to be outstanding.

Multi-Family Housing Fund. This fund was established pursuant to bond resolutions which name the State Treasurer as trustee. These bonds constitute no-commitment debt for the State and are issued for the purpose of providing financing to developers of multi-family rental housing.

Other Expendable Trust Funds. These funds, aggregated for presentation purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and provide for such items as scholarship funds, maintenance and operation of specific properties and construction of monuments.

NONEXPENDABLE TRUST FUNDS

These funds account for resources the State holds as trustee. The principal of these funds must be preserved and only the earnings may be used for the purposes allowed under the trust agreement. Most of the resources in these funds were bequeathed to the State via wills of deceased persons.

PENSION TRUST FUNDS

Pension Trust Funds account for four public employee retirement systems that the State administers.

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

AGENCY FUNDS

Agency Funds are custodial in nature. They generally represent amounts held by the State on behalf of third parties. The State uses the following Agency Funds:

Deferred Compensation Plans. This fund accounts for the Section 457, Section 401(k), and Section 403(b) deferred compensation plans offered to employees of the State, its component units, and various local governmental units.

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of serety bonds.

Local Government Investment Pool. Excess public monies are deposited into this fund by various local governmental units and other political subdivisions of the State. The State Treasurer invests these monies in order to allow these participating governmental units to realize a higher income on their investments by pooling their investments.

Federal Interfund Activity Fund. This fund accounts for Federal grants and entitlements that are first received by one State agency and eventually will be distributed to another State agency.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Public School Employee Fringe Benefits Fund. This fund formerly accounted for State-appropriated resources allocated to school districts for the payment of employer contributions. During the fiscal year ended June 30, 1988, the State began making payments directly to the school districts to cover fringe benefits rather than retaining the balances in State accounts.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, unclaimed property, miscellaneous clearing accounts, and other deposits.

Combining Balance Sheet

FIDUCIARY FUNDS

June 30, 1988
(Expressed in Thousands)

	EXPENDABLE TRUST			
	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury	Defeasance Trust
ASSETS				
Cash	$ 2	$ 6,232	$ –	$ –
Cash on deposit with fiscal agents	–	272,908	–	–
Investments	32,509	134	12,702	2,919
Deferred yield adjustment for security exchanges	–	–	–	–
Receivables (net):				
Accounts	15	–	12	41
Taxes	–	46,091	–	–
Loans and notes	–	–	–	–
Due from Federal government and other grantors	–	–	–	–
Due from other funds	–	101	–	–
Interfund receivables	–	770	–	–
Inventories	–	–	–	–
Other assets	–	–	–	–
Total assets	$32,526	$326,236	$12,714	$2,960
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ –	$ 536	$ 19	$ –
Tax refunds payable	–	838	–	–
Intergovernmental payables	–	–	–	–
Due to other funds	–	–	96	–
Interfund payables	–	–	732	38
Deferred revenues and deferred credits	–	4,340	–	–
Deposits	–	–	–	–
Amounts held in custody for others	–	–	–	–
Deferred compensation	–	–	–	–
Other liabilities	–	–	–	–
Total liabilities	–	5,714	847	38
Fund Balances:				
Reserved for:				
Pension benefits	–	–	–	–
Inventories	–	–	–	–
Unreserved, undesignated	32,526	320,522	11,867	2,922
Total fund balances	32,526	320,522	11,867	2,922
Total liabilities and fund balances	$32,526	$326,236	$12,714	$2,960

			PENSION TRUST			
Multi-Family Housing	Other Expendable Trust	NONEXPENDABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System
$ 1	$ 5	$ 2	$ 1,415	$ 65	$ 1	$ —
—	—	—	—	—	—	—
4,590	6,402	553	5,177,868	459,325	16,563	23,389
—	—	—	161,024	9,585	535	30
52	20	3	125,005	14,655	347	394
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	20	—	—	—	—	—
107	—	—	10,914	845	—	—
—	—	—	41	—	—	—
—	3	—	—	—	—	—
—	—	—	—	—	—	—
$4,750	$6,450	$558	$5,476,267	$484,475	$17,446	$23,813
$ —	$ 39	$ —	$ 17,640	$ 53	$ —	$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	48	—	—	—	—	—
—	—	—	—	—	—	41
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	87	—	17,640	53	—	41
—	—	—	5,458,627	484,422	17,446	23,772
—	3	—	—	—	—	—
4,750	6,360	558	—	—	—	—
4,750	6,363	558	5,458,627	484,422	17,446	23,772
$4,750	$6,450	$558	$5,476,267	$484,475	$17,446	$23,813

Continued on Next Page

Combining Balance Sheet

FIDUCIARY FUNDS (Continued)

June 30, 1988
(Expressed in Thousands)

	Deferred Compensation Plans	Insurance Company Deposits
ASSETS		
Cash	$ —	$ —
Cash on deposit with fiscal agents	—	—
Investments	252,503	137,322
Deferred yield adjustment for security exchanges	—	—
Receivables (net):		
Accounts	383	—
Taxes	—	—
Loans and notes	304	—
Due from Federal government and other grantors	—	—
Due from other funds	—	—
Interfund receivables	—	—
Inventories	—	—
Other assets	980	—
Total assets	$254,170	$137,322
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	$ —	$ —
Tax refunds payable	—	—
Intergovernmental payables	—	—
Due to other funds	—	—
Interfund payables	—	—
Deferred revenues and deferred credits	—	—
Deposits	—	—
Amounts held in custody for others	—	137,322
Deferred compensation	254,170	—
Other liabilities	—	—
Total liabilities	254,170	137,322
Fund Balances:		
Reserved for:		
Pension benefits	—	—
Inventories	—	—
Unreserved, undesignated	—	—
Total fund balances	—	—
Total liabilities and fund balances	$254,170	$137,322

AGENCY

Local Government Investment Pool	Federal Interfund Activity	Payroll Clearing	Other Agency	Eliminations	Totals
$ 1	$1,859	$ 16	$ 1,996	$ —	$ 11,595
—	—	—	—	—	272,908
324,099	1,004	179	92,996	—	6,545,057
—	—	—	—	—	171,174
2,881	—	—	21	—	143,829
—	—	—	—	—	46,091
—	—	—	—	—	304
—	295	—	36	—	351
—	—	25,566	1,356	(34,162)	4,727
—	—	—	32	(843)	—
—	—	—	—	—	3
—	—	—	42	—	1,022
$326,981	$3,158	$25,761	$96,479	$(35,005)	$7,197,061
$ —	$ —	$ 74	$ 325	$ —	$ 18,684
—	—	—	—	—	838
—	24	—	72	—	96
—	3,035	6	67,145	(34,162)	36,168
—	—	29	1	(843)	—
—	—	—	—	—	4,340
—	—	—	3,941	—	3,941
326,981	99	25,652	24,918	—	514,972
—	—	—	—	—	254,170
—	—	—	77	—	77
326,981	3,158	25,761	96,479	(35,005)	833,286
—	—	—	—	—	5,984,267
—	—	—	—	—	3
—	—	—	—	—	379,505
—	—	—	—	—	6,363,775
$326,981	$3,158	$25,761	$96,479	$(35,005)	$7,197,061

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury
Revenues:			
Taxes	$ –	$163,857	$21,353
Licenses, fees, and permits	2,673	–	–
Interest and other investment income	1,973	5,376	1,192
Federal	–	17,452	–
Departmental services	–	10	–
Contributions	–	–	–
Other	–	543	1
Total revenues	4,646	187,238	22,546
Expenditures:			
Current:			
General governmental	–	86,273	22,153
Individual and family services	–	–	–
Resources and economic development	–	–	–
Intergovernmental	–	–	–
Total expenditures	–	86,273	22,153
Revenues over (under) expenditures	4,646	100,965	393
Other financing sources (uses):			
Operating transfers in	–	2,330	–
Operating transfers out	–	(714)	–
Total other financing sources(uses)	–	1,616	–
Revenues and other sources over (under) expenditures and other uses	4,646	102,581	393
Fund balances, July 1, 1987	27,880	217,941	11,474
Decrease in reserve for inventories	–	–	–
Fund balances, June 30, 1988	$32,526	$320,522	$11,867

Defeasance Trust	Multi-family Housing	Other Expendable Trust	Eliminations	Totals
$ –	$ –	$ –	$ –	$185,210
–	–	8	–	2,681
72	470	505	–	9,588
–	–	2	–	17,454
–	–	517	–	527
–	–	236	–	236
49,547	1,803	24	–	51,918
49,619	2,273	1,292	–	267,614
51,821	23,104	–	–	183,351
–	–	246	–	246
–	–	334	–	334
–	–	125	–	125
51,821	23,104	705	–	184,056
(2,202)	(20,831)	587	–	83,558
–	–	–	(714)	1,616
–	–	(116)	714	(116)
–	–	(116)	–	1,500
(2,202)	(20,831)	471	–	85,058
5,124	25,581	5,898	–	293,898
–	–	(6)	–	(6)
$2,922	$ 4,750	$6,363	$ –	$378,950

Combining Statement of Revenues, Expenses, and Changes in Fund Balances

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

		PENSION TRUST				
	NON-EXPENDABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Totals
Operating revenues:						
Contributions	$ –	$ 385,067	$ 33,964	$ 1,711	$ 3,671	$ 424,413
Interest and other investment income	–	484,487	46,512	1,471	2,185	534,655
Total operating revenues	–	869,554	80,476	3,182	5,856	**959,068**
Operating expenses--benefits and claims	–	263,232	19,049	1,199	1,983	**285,463**
Operating Income	–	606,322	61,427	1,983	3,873	**673,605**
Nonoperating revenues (expenses):						
Interest income	6	–	–	–	–	6
Nonoperating expenses	(6)	–	–	–	–	(6)
Total nonoperating revenues (expenses)	–	–	–	–	–	–
Income before operating transfers	–	606,322	61,427	1,983	3,873	**673,605**
Operating transfers:						
Operating transfers in		7,888	179	–	–	8,067
Operating transfers out		(3,843)	(335)	(12)	(16)	(4,206)
Total operating transfers	–	4,045	(156)	(12)	(16)	**3,861**
Net income	–	610,367	61,271	1,971	3,857	**677,466**
Fund balances, July 1, 1987	558	4,848,260	423,151	15,475	19,915	**5,307,359**
Fund balances, June 30, 1988	$558	$5,458,627	$484,422	$17,446	$23,772	**$5,984,825**

Combining Statement of Changes in Financial Position

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

		PENSION TRUST				
	NON-EXPENDABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Totals
Sources of working capital:						
Operations:						
Net income	$ —	$610,367	$ 61,271	$ 1,971	$ 3,857	$677,466
Items not requiring working capital–decreases in restricted assets	7	—	—	—	—	7
Total sources of working capital	7	610,367	61,271	1,971	3,857	677,473
Uses of working capital:						
Increases in long-term investments	3	664,715	72,930	3,024	5,756	746,428
Decreases in other long-term liabilities	7	—	—	—	—	7
Total uses of working capital	10	664,715	72,930	3,024	5,756	746,435
Net decreases in working capital	$(3)	$(54,348)	$(11,659)	$(1,053)	$(1,899)	$(68,962)
Components of net decreases in working capital:						
Cash	$ 2	$ 1,415	$ 65	$ 1	$ —	$ 1,483
Investments	—	(23,538)	(10,882)	(1,035)	(1,941)	(37,396)
Deferred yield adjustment for security exchanges	—	(28,777)	(1,470)	(59)	4	(30,302)
Accounts receivable, net	(2)	15,612	1,126	45	124	16,905
Due from other funds	(3)	(2,484)	(552)	(5)	(45)	(3,089)
Interfund receivables	—	41	—	—	—	41
Accounts payable and accrued liabilities	—	(16,617)	54	—	—	(16,563)
Interfund payables	—	—	—	—	(41)	(41)
Net decreases in working capital	$(3)	$(54,348)	$(11,659)	$(1,053)	$(1,899)	$(68,962)

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

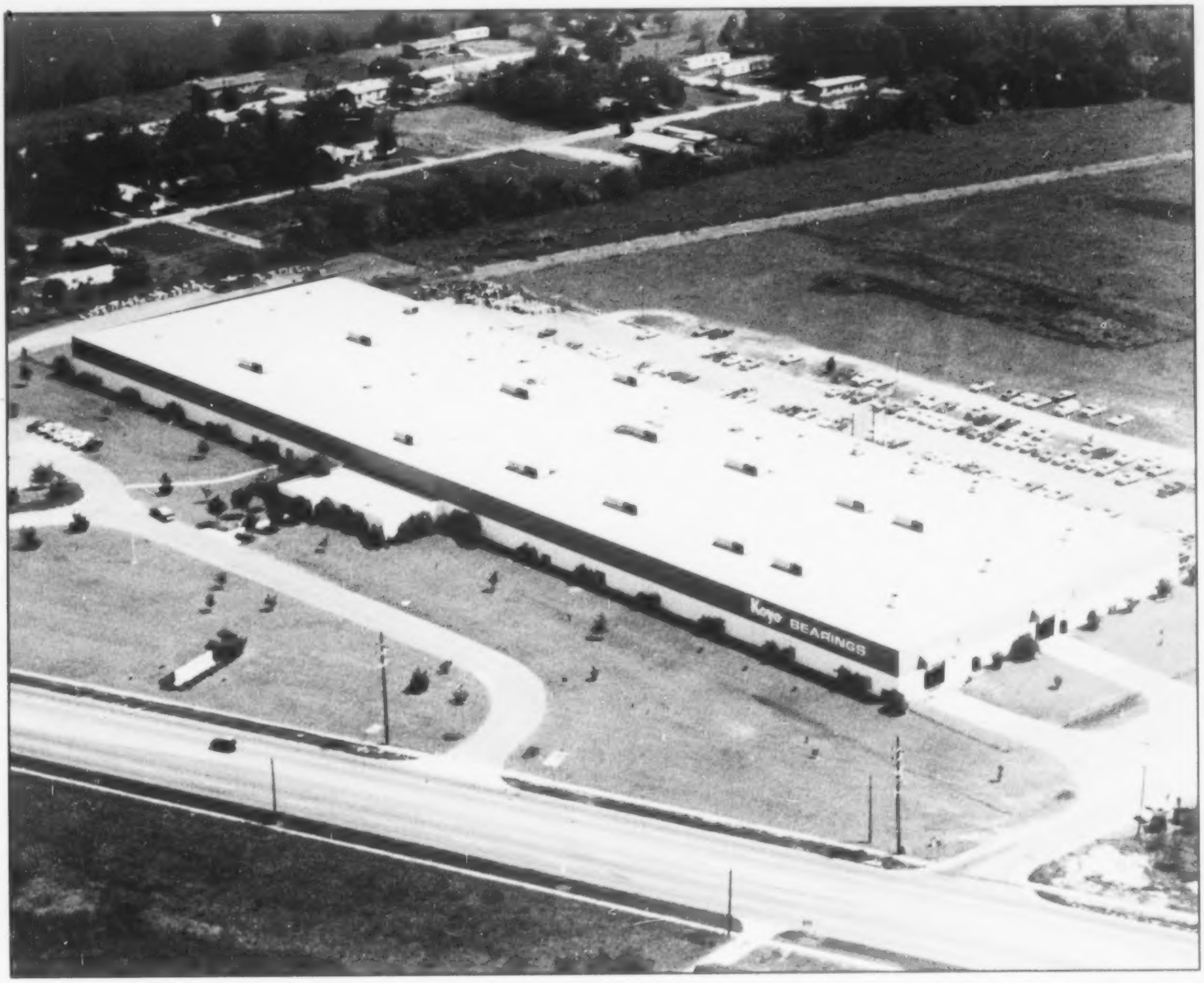
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	Balance July 1, 1987	Additions	Deductions	Balance June 30, 1988
ASSETS				
Deferred Compensation Plans	$ 202,549	$ 97,635	$ 46,014	$ 254,170
Insurance Company Deposits	109,771	91,311	63,760	137,322
Local Government Investment Pool	337,880	28,845,734	28,856,633	326,981
Federal Interfund Activity Fund	7,374	20,368	24,584	3,158
Payroll Clearing Fund	27,490	458,937	460,666	25,761
Public School Employee Fringe Benefits Fund	3,200	19,473	22,673	–
Other Agency Funds	93,841	844,341	841,703	96,479
Total assets	$782,105	$30,377,799	$30,316,033	$843,871
LIABILITIES				
Deferred Compensation Plans	$ 202,549	$ 58,956	$ 7,335	$ 254,170
Insurance Company Deposits	109,771	91,311	63,760	137,322
Local Government Investment Pool	337,880	615,598	626,497	326,981
Federal Interfund Activity Fund	7,374	25,746	29,962	3,158
Payroll Clearing Fund	27,490	358,499	360,228	25,761
Public School Employee Fringe Benefits Fund	3,200	19,473	22,673	–
Other Agency Funds	93,841	763,157	760,519	96,479
Total liabilities	$782,105	$ 1,932,740	$ 1,870,974	$843,871

Note: This combining statement presents, on a summarized basis, the changes in total assets and total liabilities of each agency fund. Changes by individual balance-sheet account for each fund have not been presented because that presentation would be unduly complex.

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets except those accounted for in the Proprietary, Fiduciary, and Higher Education Funds.

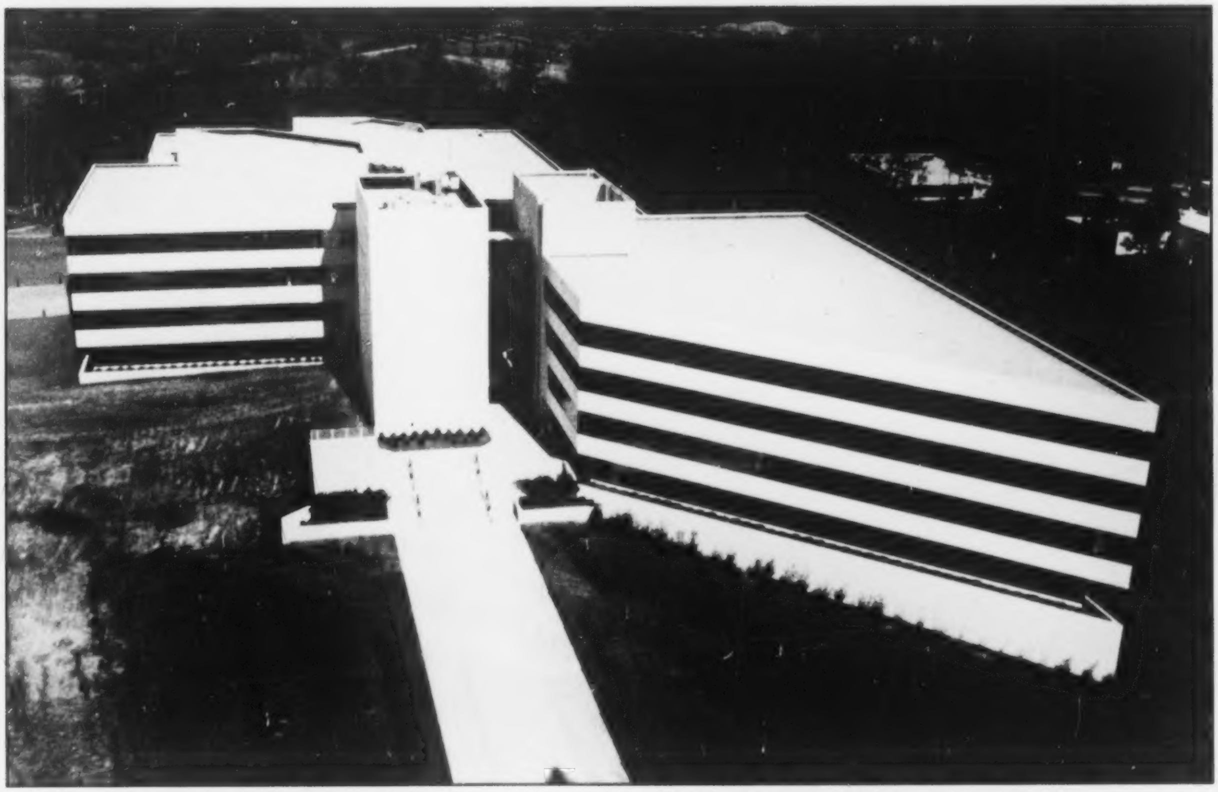


American Koyo Bearing Manufacturing Corporation, part of the Japanese firm of Koyo Seiko, manufactures ball and roller bearings in its Orangeburg plant.

Schedule of General Fixed Assets by Function

June 30, 1988
(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General governmental	$ 7,153	$ 58,400	$ 51,178	$ 116,731
Education	4,036	39,412	211,803	255,251
Individual and family services	9,509	147,278	84,201	240,988
Administration of justice	3,446	186,960	32,968	223,374
Resources and economic development	54,487	43,735	47,083	145,305
Transportation	2,238	30,948	132,209	165,395
Total general fixed assets allocated to functions	**$80,869**	**$506,733**	**$559,442**	**1,147,044**
Construction in progress				90,714
Total general fixed assets				**$1,237,758**



Policy Management Systems (PMS) is a major national firm headquartered in Columbia which employs hundreds of South Carolinians. It provides software and services to insurance companies internationally.

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

Function	Balance July 1, 1987	Additions	Retirements	Balance June 30, 1988
General governmental	$ 98,967	$ 21,324	$ 3,560	$ 116,731
Education	223,277	37,387	5,413	255,251
Individual and family services	236,657	12,131	7,800	240,988
Administration of justice	157,027	70,154	3,807	223,374
Resources and economic development	137,926	9,383	2,004	145,305
Transportation	143,285	31,576	9,466	165,395
Construction in progress	102,673	53,192	65,151	90,714
Total general fixed assets	**$1,099,812**	**$235,147**	**$97,201**	**$1,237,758**

Milliken Research Corporation in Spartanburg has been an international leader in textile research. Milliken has operations in 13 S.C. counties and employs almost 8,000 people at 26 locations.

Blue Cross and Blue Shield and the Companion Companies administer South Carolina programs from their headquarters building just north of Columbia.

Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. These institutions are: The University of South Carolina, Clemson University, The Medical University of South Carolina, South Carolina State College, Winthrop College, The Citadel, The College of Charleston, Lander College, Francis Marion College, Aiken Technical College, Chesterfield-Marlboro Technical College, Denmark Technical College, Florence-Darlington Technical College, Greenville Technical College, Horry-Georgetown Technical College, Midlands Technical College, Orangeburg-Calhoun Technical College, Piedmont Technical College, Spartanburg Technical College, Sumter Area Technical College, Technical College of the Lowcountry, Tri-County Technical College, Trident Technical College, Williamsburg Technical College, and York Technical College. Higher Education Funds include the following individual funds:

CURRENT FUNDS

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives.

Unrestricted Current Funds. These funds account for currently expendable resources which may be either completely unrestricted or designated by institution officials for specific purposes.

Restricted Current Funds. These funds account for resources that donors or other outside agencies have restricted for specific current operating purposes.

LOAN FUNDS

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

ENDOWMENT AND SIMILAR FUNDS

These funds account for endowments and quasi-endowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

PLANT FUNDS

Plant Funds account for transactions involving physical properties of the higher education institutions.

Unexpended Plant Funds. The Unexpended Plant Funds subgroup accounts for resources that institutions will use to acquire physical properties in future accounting periods.

Renewal and Replacements Funds. The Renewal and Replacements Funds subgroup accounts for resources institutions have set aside for the renewal and replacement of institutional properties.

Retirement of Indebtedness Funds. The Retirement of Indebtedness Funds subgroup includes amounts to pay debt service and to retire indebtedness on institutional properties.

Investment in Plant Funds. The Investment in Plant Funds subgroup accounts for resources that the institution has expended for (and thus has invested in) its properties and any related outstanding debt.

AGENCY FUNDS

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

This packaging development center is part of the Sonoco Products Company in Hartsville. The company, founded in 1899, employs almost 2,000 South Carolinians.

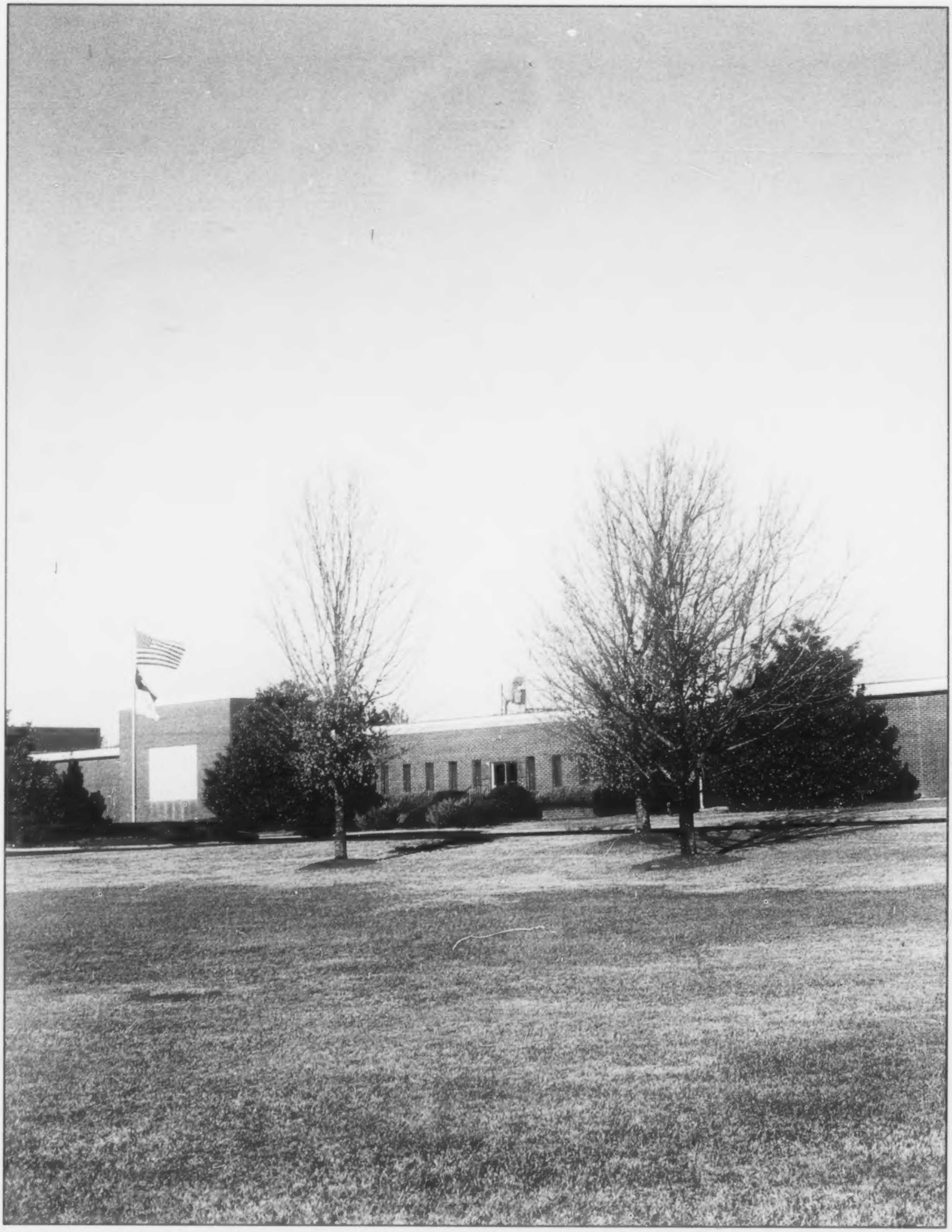
Combining Balance Sheet

HIGHER EDUCATION FUNDS

June 30, 1988
(Expressed in Thousands)

	CURRENT FUNDS			
	Unrestricted	Restricted	LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
ASSETS				
Cash	$ 8,240	$ —	$ 70	$ —
Investments	72,176	17,624	3,244	24,532
Receivables (net):				
Accounts	128	20	41	39
Patient and student	30,196	—	1,518	—
Student loans	51	—	28,411	—
Loans and notes	—	144	37	—
Due from Federal government and other grantors	943	13,401	28	—
Due from other Higher Education Funds	9,141	8	22	318
Due from other funds	6,657	2,366	—	—
Interfund receivables	2,961	—	—	—
Inventories	15,509	—	—	—
Property, plant, and equipment (net)	—	—	—	—
Other assets	16,442	43	82	642
Total assets	**$162,444**	**$33,606**	**$33,453**	**$25,531**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 42,159	$ 2,487	$ 44	$ 1
Due to other Higher Education Funds	2,504	6,482	18	38
Due to other funds	5,188	89	—	—
Interfund payables	5	1,146	—	822
Advances from other funds	25	—	—	—
Deferred revenues and deferred credits	22,522	660	—	—
Deposits	2,614	—	—	—
Amounts held in custody for others	—	—	—	—
Notes payable	71	534	—	—
General obligation bond anticipation notes payable	—	—	—	—
General obligation bonds payable	—	—	—	—
Revenue bonds payable	—	—	—	—
Capital lease and installment debt obligations payable	8	—	—	—
Compensated absences payable	34,845	—	—	—
Other liabilities	695	95	5	—
Total liabilities	**110,636**	**11,493**	**67**	**861**
Fund Balances:				
Investment in plant	—	—	—	—
Reserved for:				
Restricted fund balance	—	22,113	21,533	—
U.S. government grants refundable	—	—	11,828	—
Endowment and similar funds	—	—	—	11,759
Encumbrances	2,077	—	—	—
Other special purposes	117	—	24	25
Unreserved:				
Designated for special purposes	7,600	—	1	—
Designated for quasi-endowments	—	—	—	12,886
Undesignated	42,014	—	—	—
Total fund balances	**51,808**	**22,113**	**33,386**	**24,670**
Total liabilities and fund balances	**$162,444**	**$33,606**	**$33,453**	**$25,531**

PLANT FUNDS						
Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	AGENCY FUNDS	Eliminations	Totals
$ —	$ 1,507	$ —	$ —	$ 22	$ —	$ 9,839
53,124	8,774	45,500	—	1,206	—	226,180
—	—	—	—	312	—	540
—	—	—	—	—	—	31,714
—	—	—	—	—	—	28,462
—	—	—	—	—	—	181
—	—	—	—	—	—	14,372
4,900	86	588	—	15	(15,078)	—
1,073	—	240	—	4	(3,690)	6,650
—	—	—	—	—	(2,961)	—
—	—	—	—	—	—	15,509
16,115	—	—	1,587,627	—	—	1,603,742
387	—	22	507	—	—	18,125
$75,599	$10,367	$46,350	$1,588,134	$1,559	$(21,729)	$1,955,314
$ 5,943	$ —	$ 1,226	$ —	$ 330	$ —	$ 52,190
1,371	—	4,328	300	37	(15,078)	—
316	—	3,214	—	(221)	(3,690)	5,278
353	—	640	514	—	(2,961)	519
—	—		5,653	—	—	5,678
—	—		—	—	—	23,182
—	—		—	—	—	2,614
—	—		—	971	—	971
1,196	—	—	9,853	—	—	11,714
2,000	—		9,905	—	—	11,905
—	—		15,280	—	—	16,280
16,758	278		130,310	—	—	147,346
—	—		19,373	—	—	19,381
—	—		—	—	—	34,845
1,431	—		321	—	—	2,547
29,368	278	9,408	192,509	1,559	(21,729)	334,450
—	—	—	1,395,625		—	1,395,625
39,982	9,016	36,942	—	—	—	129,586
—	—	—	—	—	—	11,828
—	—	—	—	—	—	11,759
—	—	—	—	—	—	2,077
—	—	—	—	—	—	166
6,249	1,073	—	—	—	—	14,923
—	—	—	—	—	—	12,886
—	—	—	—	—	—	42,014
46,231	10,089	36,942	1,395,625	—	—	1,620,864
$75,599	$10,367	$46,350	$1,588,134	$1,559	$(21,729)	$1,955,314



Alice Manufacturing Co., a 65-year old textile firm, employs almost 2,000 South Carolinians at five plants in Pickens County.

Schedules--Budgetary General Fund

The Budgetary General Fund, which corresponds to the General Funds column in the Appropriation Act, is the State's general operating fund. The Budgetary General Fund differs somewhat from the GAAP-basis General Fund.

The schedules in this section have been prepared using the budgetary basis of accounting. In South Carolina, the budgetary basis of accounting is the cash basis with certain exceptions. The Notes to the Financial Statements include a more detailed description of the budgetary basis of accounting.

port of charleston
port of charleston
SONG HE

An oceangoing container ship is docked at the North Charleston dock of the Ports Authority. The state's adaptation to container shipping has helped make the Port of Charleston the second busiest port on the eastern seaboard.

Appropriation Activity

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

Function	Original Appropriations	Adjustments
Legislative	$ 24,009	$ 3,863
Judicial	22,391	514
Executive and administrative	192,612	(13,138)
Educational	1,473,095	34,151
Health	387,722	10,080
Social rehabilitation services	98,854	2,329
Correctional	173,286	4,372
Conservation, natural resources, and development	101,408	6,075
Regulatory	61,132	1,597
Transportation	2,515	1,664
Debt service	109,389	10,080
Miscellaneous	205,879	5,470
Highway Department	1,241	2
Totals	$2,853,533	$67,059

Note: See Notes to the Financial Statements, Note 3, for information on budgetary accounting. The adjustments shown above (expressed in thousands) may be summarized as follows:

Appropriations brought forward from 1986-87	$ 10,780
Supplemental appropriations	52,566
Open-ended appropriations	6,255
Other legislative and Budget and Control Board actions	(2,542)
Total adjustments	$67,059

Adjusted Appropriations	Expenditures	Appropriations To Be Carried Forward	Lapsed Appropriations
$ 27,872	$ 23,268	$ 4,178	$ 426
22,905	22,367	114	424
179,474	148,663	29,135	1,676
1,507,246	1,492,452	13,101	1,693
397,802	392,621	4,499	682
101,183	95,503	958	4,722
177,658	175,303	2,098	257
107,483	100,954	4,741	1,788
62,729	60,984	174	1,571
4,179	2,493	1,475	211
119,469	119,415	—	54
211,349	207,344	4,005	—
1,243	1,243	—	—
$2,920,592	$2,842,610	$64,478	$13,504

Springs
Executive Office

For years, this historical building in Fort Mill has housed the headquarters of Springs Industries. Founded in 1892, Springs employs 8,000 South Carolinians in 12 locations.

General Fund Reserve Activity

BUDGETARY GENERAL FUND

Last Five Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Fund Reserve, a reserve primarily designed to prevent Budgetary General Fund deficits. Prior to November 4, 1984, the reserve was considered fully funded whenever it equaled five percent of the Budgetary General Fund budgetary-basis revenue of the latest completed fiscal year. On November 4, 1984, a Constitutional amendment was passed changing the funding requirement from five to four percent of the Budgetary General Fund revenue of the latest completed fiscal year. Provisions of the amendment also allow the percentage rate to be reduced to three or increased to five percent by a special vote of the General Assembly. An act which took effect on March 9, 1988, reduced the percentage rate to three percent. The full-funding amount for the fiscal year ended June 30, 1989, therefore, is $87.949 million.

Key amounts (expressed in thousands) for the General Fund Reserve for the last five fiscal years are:

Fiscal Year Ended June 30	Start-of-Year Balance	Deposits (Withdrawals)	End-of-Year Balance	Full-Funding Amount	Actual End-of-Year % Funded[d]
1984	$40,012	$ 58,485	$98,497	$ 98,497[a]	100%
1985	98,497	(9,369)	89,128	89,128[b]	100%
1986	89,128	(37,353)	51,775	95,735[b]	54%
1987	51,775	23,606	75,381	100,372[b]	75%
1988	75,381	10,711	86,092	80,783[c]	107%

[a] Equals 5% of the Budgetary General Fund revenues for the latest completed fiscal year.

[b] Equals 4% of the Budgetary General Fund revenues for the latest completed fiscal year.

[c] Equals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

[d] Equals (End-of-Year Balance/Full Funding Amount) x 100.

Funds Earmarked for Public Education

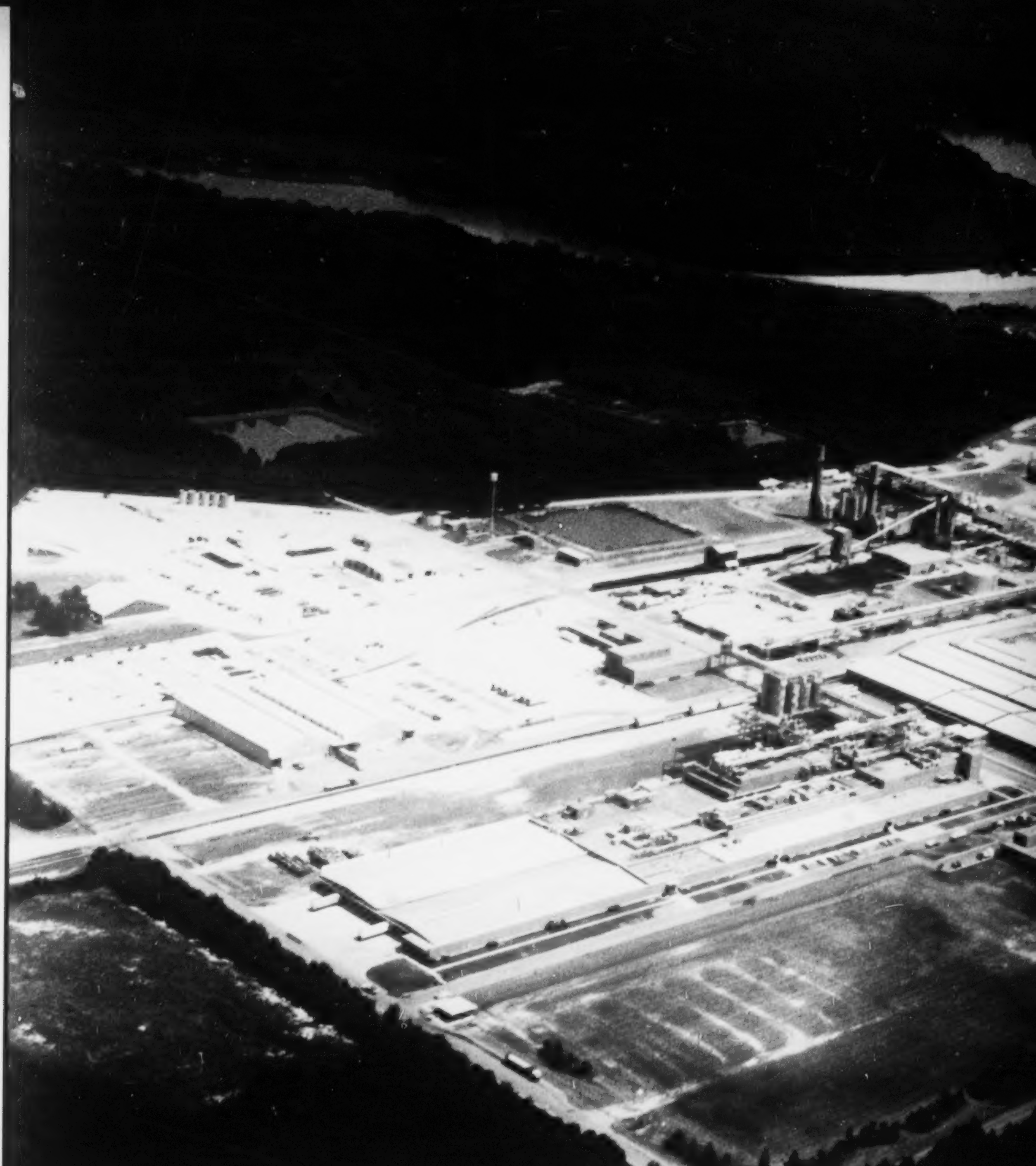
BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

Budgetary-basis revenues:	
Retail sales tax (4%) and excise tax--casual sales	$ 1,006,135
Alcoholic liquors tax--State portion	20,445
Beer and wine tax--State portion	285
Soft drinks tax	19,564
Commercial nuclear waste tax	5,304
Total budgetary-basis revenues earmarked for public education	1,051,733
Budgetary-basis expenditures:	
Department of Education	949,661
State Board of Technical and Comprehensive Education	86,850
Educational Television Commission	15,885
Wil Lou Gray Opportunity School	2,486
School for the Deaf and Blind	9,448
John De La Howe School	2,556
Debt service--school bonds	4,117
Total budgetary-basis expenditures earmarked for public education	1,071,003
Excess of budgetary-basis expenditures over revenues earmarked for public education	$ 19,270

Part I, Section 1, of the 1987-88 Appropriation Act and Sections 12-21-1130 and 48-47-175 of the South Carolina Code of Laws require that the Budgetary General Fund revenues shown above be expended only to cover appropriations made to support the specific public secondary-school education agencies listed above. These legal requirements are considered to be satisfied if the amount of Budgetary General Funds expended for these particular agencies exceeds the earmarked revenues.

Legal-basis debt service expenditures on capital improvement bonds applicable to the designated public education agencies could not be determined. If available, this amount would increase both expenditures and the excess of expenditures over revenues earmarked for public education. Records of the State Treasurer's Office show that capital improvement bond proceeds of $13.480 million were allocated to the designated public education agencies in 1987-88.



Statistical Section

Carolina Eastman, a division of Eastman Kodak, manufactures polyester fiber, chemicals and plastics in its sprawling plant in Calhoun County near Columbia. The plant employs more than 1,200 people.

Expenditures (Budgetary Basis) by Function

TOTAL BUDGETED FUNDS[a]

Last Seven Fiscal Years [b]
(Expressed in Thousands)

Function	1982	1983
Legislative	$ 13,577	$ 14,125
Judicial	14,037	14,775
Executive and administrative	369,493	382,053
Educational	1,536,162	1,607,024
Health[c]	325,914	330,174
Social rehabilitation services[c]	517,168	475,125
Correctional	96,619	96,886
Conservation, natural resources, and development	109,148	110,397
Regulatory	67,770	71,695
Transportation	3,584	5,032
Debt service	89,722	105,091
Miscellaneous	119,223	113,058
Highway Department	301,989	321,817
Total expenditures	**$3,564,406**	**$3,647,252**

[a] This table includes expenditures for the State's budgeted funds--the Budgetary General Fund and Other Budgeted Funds.

[b] It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-82 when the current Statewide accounting system was installed.

[c] In the fiscal year ended June 30, 1985, a new Health agency assumed responsibility for certain programs previously reported under Social Rehabilitation Services.

For the Fiscal Year Ended June 30				
1984	1985	1986	1987	1988
$ 14,814	$ 20,252	$ 22,287	$ 23,391	$ 23,965
16,838	18,866	20,925	21,853	22,497
261,196	303,997	296,605	260,639	317,509
1,779,724	2,405,711	2,273,874	2,314,100	2,521,301
356,914	746,494	926,329	1,027,103	1,109,708
506,527	229,246	454,579	447,229	441,487
117,485	159,435	183,117	215,149	257,701
124,346	139,750	158,105	160,293	169,218
78,949	86,244	93,514	99,612	110,023
3,695	3,832	3,447	2,866	3,451
101,436	103,608	106,738	107,122	119,415
124,864	163,106	172,901	174,402	207,707
390,333	455,467	465,181	482,990	621,596
$3,877,121	**$4,836,008**	**$5,177,602**	**$5,336,749**	**$5,925,578**

Georgetown Steel Corp. (center of photo) manufactures wire rods, reinforcing bars and other steel products in mid-town Georgetown, one of three S.C. port cities. The plant employs over 700 people.

Revenues (Budgetary Basis) by Source

TOTAL BUDGETED FUNDS[a]

Last Seven Fiscal Years [b]
(Expressed in Thousands)

Source	1982	1983
Admissions tax	$ 6,430	$ 7,403
Aircraft tax	246	271
Alcoholic liquors tax	39,706	43,622
Bank tax	3,876	5,116
Beer and wine tax	55,020	61,458
Business license tax	30,279	29,747
Cable television fees	7	7
Coin-operated device tax	1,975	8,371
Commercial nuclear waste tax	–	–
Contractors' license tax	607	661
Corporation income tax	127,610	124,132
Corporation' license tax	17,666	18,203
Department of Agriculture	7,232	6,969
Departmental revenue (primarily grant revenues and fees for services)	1,753,865	1,620,153
Documentary tax	10,140	11,703
Earned on investments	65,799	62,311
Education Improvement Act--1% sales tax	–	–
Education Improvement Act--investment earnings	–	–
Education Improvement Act--other	–	–
Electric power tax	12,627	12,435
Estate tax	12,634	14,259
Excise tax--casual sales	–	7,186
Fertilizer inspection tax	213	185
Gasoline tax--counties	14,662	14,330
Gift tax	714	980
Individual income tax	641,838	719,113
Insurance tax	40,798	45,434
Miscellaneous sources	107,199	75,351
Motor transport fees	2,690	2,678
Private car lines tax	1,075	1,077
Public service assessment	2,490	2,528
Public Service Authority	1,400	1,500
Radioactive waste surcharge	–	–
Retail sales tax (4%)	646,552	684,391
Retailers' license tax	727	1,121
Savings and loan association tax	59	(68)
Soft drinks tax	13,868	13,841
Workers' compensation insurance tax	6,274	7,472
Total revenues	**$3,626,278**	**$3,603,950**

[a] This table includes revenues for the State's budgeted funds--the Budgetary General Fund and Other Budgeted Funds.

[b] It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-82 when the current Statewide accounting system was installed.

For the Fiscal Year Ended June 30				
1984	1985	1986	1987	1988
$ 8,307	$ 8,519	$ 9,230	$ 9,868	$ 11,980
152	458	539	902	1,356
43,864	43,603	46,580	46,149	46,974
4,839	7,632	4,171	5,529	7,674
58,729	60,027	62,488	66,619	67,655
29,852	29,842	29,993	30,303	30,614
4	–	–	–	–
6,046	5,756	8,115	6,726	7,818
3,903	4,856	4,656	4,157	5,304
700	746	808	864	1,336
154,483	192,152	185,014	184,890	196,187
21,337	25,002	24,193	30,053	29,217
7,179	7,909	7,933	7,895	8,267
1,797,230	2,019,592	2,355,983	2,441,978	2,792,219
16,786	16,360	16,085	16,080	12,126
71,031	83,759	79,198	76,406	71,181
–	182,578	221,740	235,690	250,435
–	1,404	2,235	2,377	1,680
–	300	270	648	540
13,076	13,411	12,653	13,241	19,617
17,633	22,442	19,946	24,857	31,843
8,764	7,738	7,728	7,863	8,246
189	219	191	160	150
15,429	15,902	16,341	16,842	17,157
1,121	1,496	2,316	2,124	4,148
795,480	850,814	907,285	1,008,938	1,142,105
49,522	56,594	65,173	83,535	83,961
107,427	215,199	152,092	81,509	112,837
4,462	4,868	4,552	4,722	5,265
1,135	1,057	1,099	1,099	1,124
3,022	3,060	3,317	3,351	3,675
1,600	1,700	2,900	2,503	4,092
–	–	–	2,831	4,195
790,160	820,534	885,591	939,072	997,889
1,193	3,776	923	882	928
19	(12)	(835)	55	114
13,192	14,970	18,029	18,868	19,564
7,377	7,961	9,725	14,454	15,281
$4,055,243	**$4,732,224**	**$5,168,257**	**$5,394,040**	**$6,014,754**

Income and Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year Ended June 30	Individual Income Tax	Corporate Income Tax	Retail Sales Tax
1979	5 - 7%	6%	4%
1980	5 - 7%	6%	4%
1981	5 - 7%	6%	4%
1982	5 - 7%	6%	4%
1983	5 - 7%	6%	4%
1984	5 - 7%	6%	5%
1985	2 - 7%	6%	5%
1986	2 - 7%	6%	5%
1987	3 - 7%	6%	5%
1988	3 - 7%	5.5%	5%

Source: The State Tax Commission

Ratio of Net General Obligation Bonds and Notes to Assessed Value and Net General Obligation Bonds and Notes Per Capita

Last Ten Fiscal Years

For the Year Ended June 30	Population[a] (Thousands)	Assessed Value[b] (Thousands)	General Obligation Bonds and Notes Outstanding[c] (Thousands)	General Obligation Bonds and Notes	
				Ratio to Assessed Value	Per Capita
1979	3,087	$2,392,401	$560,637	23.43%	$181.61
1980	3,121	2,629,008	557,577	21.21%	178.65
1981	3,187	2,795,576	601,185	21.50%	188.64
1982	3,227	3,036,054	727,555	23.96%	225.46
1983	3,264	4,030,805	600,295	14.89%	183.91
1984	3,300	4,432,857	611,170	13.79%	185.20
1985	3,333	4,767,773	626,645	13.14%	188.01
1986	3,381	5,190,501	658,515	12.69%	194.77
1987	3,425	5,761,295	693,270	12.03%	202.41
1988	3,520	5,583,808	681,425	12.20%	193.59

[a] South Carolina Statistical Abstract, 1985 Edition; State Data Center, Research and Statistical Services Division, State Budget and Control Board; 1987 and 1988 South Carolina Economic Report, State Budget and Control Board.

[b] Assessed value as of December 31 of the year preceding the indicated fiscal year. Assessments are at 100% of value. Source: Comptroller General's Annual Reports.

[c] Includes general obligation bonds payable and general obligation bond anticipation notes payable of both the General Long-Term Obligations Account Group and the Higher Education Funds.

Computation of Legal Debt Margin

June 30, 1988
(Expressed in Thousands)

Section 57-11-240 of the South Carolina Code of Laws limits State highway bonds outstanding to $150 million. Likewise, Section 59-107-90 limits State institution bonds legally outstanding to $60 million.

Furthermore, Section 11-11-430 states: "The issuance of general obligation bonds of the State must be limited so that the maximum annual debt service on all general obligation bonds of the State (excluding highway bonds, State institution bonds, tax anticipation notes, and bond anticipation notes) may not exceed five percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for State highway bonds and State institution bonds)."

State highway bond limitation	$ 150,000
Less: State highway bonds outstanding at June 30, 1988	—
Legal debt margin at June 30, 1988--highway bonds	**$ 150,000**
State institution bond limitation	$ 60,000
Less: State institution bonds and notes outstanding at June 30, 1988	28,185
Legal debt margin at June 30, 1988--institution bonds	**$ 31,815**
1986-1987 Budgetary General Fund revenues	$ 2,692,754
Less: 1986-1987 revenues pledged for highway and institution bonds	11,952
1986-1987 net Budgetary General Fund revenues	**$2,680,802**
5% of 1986-1987 net Budgetary General Fund revenues	$ 134,040
Less: 1987-1988 net Budgetary General Fund debt service for general obligation bonds excluding highway and institution bonds, tax anticipation notes, and bond anticipation notes	98,623
Legal debt service margin at June 30, 1988--general obligation bonds excluding highway and institution bonds and tax/bond anticipation notes	**$ 35,417**

Ratio of Annual Debt Service for General Obligation Bonds to Budgetary General Fund Expenditures

Last Ten Fiscal Years
(Expressed in Thousands)

For the Fiscal Year Ended June 30	Debt Service	Total Budgetary General Fund Expenditures	Ratio
1979	$ 78,547	$1,383,747	5.68%
1980	78,552	1,598,460	4.91%
1981	81,360	1,764,640	4.61%
1982	89,722	1,859,378	4.83%
1983	105,091	1,936,338	5.43%
1984	101,436	2,110,791	4.81%
1985	103,608	2,397,054	4.32%
1986	106,738	2,592,269	4.12%
1987	107,122	2,669,741	4.01%
1988	119,415	2,842,610	4.20%

Kunja Knitting Mills, a South Korea-based firm, came to South Carolina in 1987, and employs 500 people in the manufacture of sweaters in Marion County.

Revenue Bond Coverage

Last Ten Fiscal Years
(Expressed in Thousands)

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service
1979	$162,709	$104,654	$ 58,055
1980	182,894	110,925	71,969
1981	277,411	188,856	88,555
1982	368,297	226,885	141,412
1983	392,870	219,957	172,913
1984	407,950	238,139	169,811
1985	473,139	261,153	211,986
1986	487,146	263,131	224,015
1987	505,340	276,036	229,304
1988	516,599	290,324	226,275

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service
1979[a]	$ 4,452	$ 93	$ 4,359
1980[b]	22,514	836	21,678
1981[b]	23,319	1,622	21,697
1982	23,491	1,590	21,901
1983	36,335	6,187	30,148
1984	51,701	9,939	41,762
1985	68,728	12,891	55,837
1986	91,597	15,255	76,342
1987	83,269	14,946	68,323
1988	75,642	15,272	60,370

[a] Information presented for the period January 1 through July 1.
[b] Information presented for the year ended July 1.

SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service
1979	$ 1,528	$ 300	$ 1,228
1980	3,227	780	2,447
1981	4,482	397	4,085
1982	6,351	883	5,468
1983	6,690	1,207	5,483
1984	12,424	2,106	10,318
1985	13,741	1,348	12,393
1986	13,179	2,053	11,126
1987	13,916	2,328	11,588
1988	14,387	3,436	10,951

Debt Service Requirements			
Principal	Interest	Total	Coverage Ratio
$ 2,500	$ 49,610	$ 52,110	1.11
2,590	59,598	62,188	1.16
3,680	75,629	79,309	1.12
5,570	123,563	129,133	1.10
6,305	162,553	168,858	1.02
7,795	160,259	168,054	1.01
9,060	159,634	168,694	1.26
10,500	150,224	160,724	1.39
27,630	144,190	171,820	1.33
33,995	138,675	172,670	1.31

Debt Service Requirements			
Principal	Interest	Total	Coverage Ratio
$ 94	$ 2,515	$ 2,609	1.67
405	13,251	13,656	1.59
3,985	16,274	20,259	1.07
8,150	16,060	24,210	0.90
7,530	25,412	32,942	0.92
7,660	35,351	43,011	0.97
13,774	46,647	60,421	0.92
24,726	63,818	88,544	0.86
19,730	60,505	80,235	0.85
10,075	53,435	63,510	0.95

Debt Service Requirements			
Principal	Interest	Total	Coverage Ratio
$ –	$ 475	$ 475	2.59
–	1,226	1,226	2.00
540	1,432	1,972	2.07
820	2,374	3,194	1.71
1,010	3,536	4,546	1.21
1,265	7,516	8,781	1.18
1,785	7,450	9,235	1.34
2,530	7,974	10,504	1.06
20,650	6,965	27,615	0.42
9,815	5,655	15,470	0.71

Demographic Statistics

Last Ten Years

Year	Population[a] at June 30	Per Capita Income[b] at December 31	Median Age[c] (Years) at December 31	School Enrollment[d] at June 30	Unemployment Rate[e] at December 31
1978	3,041,000	$ 6,206	27.4	663,901	5.7%
1979	3,087,000	6,889	27.8	654,833	5.0%
1980	3,121,000	7,589	28.2	648,319	6.9%
1981	3,186,500	8,374	28.7	642,015	8.4%
1982	3,227,000	8,710	29.2	633,682	10.8%
1983	3,264,000	9,323	29.6	673,871	10.1%
1984	3,300,000	10,157	30.1	669,809	7.1%
1985	3,333,000	10,738	29.8	668,985	6.9%
1986	3,381,000	11,268	30.1	670,980	6.2%
1987	3,425,000	11,858	30.6	672,943	5.6%
1988	3,519,800	[f]	[f]	676,847	[f]

Sources:

[a] South Carolina Statistical Abstract, 1985 Edition; State Data Center, Research and Statistical Services Division, State Budget and Control Board; 1987 and 1988 South Carolina Economic Report, State Budget and Control Board.

[b] 1988 South Carolina Economic Report, State Budget and Control Board.

[c] State Data Center, Research and Statistical Services Division, State Budget and Control Board.

[d] South Carolina Statistical Abstract, 1985 Edition; 1986, 1987, and 1988 Editions of Educational Trends in South Carolina.

[e] 1988 South Carolina Economic Report, State Budget and Control Board.

[f] Not yet available.

Property Value[a], Construction, and Bank Deposits

Last Ten Years
(Dollars in Millions)

	Nonresidential Construction		Residential Construction			Property Value[a]	
Year	Number of Units at December 31	Value at December 31	Number of Units at December 31	Value at December 31	Bank Deposits at December 31	Nonresidental at June 30	Residential at June 30
1978	5,123	$300	28,268	$ 625	$10,451	Not Available	Not Available
1979	5,491	488	31,762	859	11,400	Not Available	Not Available
1980	5,753	407	28,235	783	12,397	Not Available	Not Available
1981	6,347	375	24,920	748	13,331	Not Available	Not Available
1982	6,264	478	21,720	676	15,091	Not Available	Not Available
1983	7,588	419	35,322	1,184	16,992	Not Available	Not Available
1984	8,512	617	45,003	1,573	19,061	$23,339	$24,748
1985	6,744	659	44,190	1,592	20,868	24,879	25,754
1986	6,761	743	40,390	1,581	22,907	25,915	27,149
1987	7,283	835	26,991[b]	1,489	23,765	28,364	29,114
1988	[c]	[c]	[c]	[c]	[c]	34,127	31,241

[a] Property taxes do not represent a source of revenue for the State. The value reported here is fair market value at the date of tax assessment.

[b] Beginning with 1987, the number of mobile home permits is not reported.

[c] Not yet available.

Sources: 1988 South Carolina Economic Report, State Budget and Control Board; State Tax Commission.

Largest Manufacturing Plants[a]

June 30, 1988

Name	Location
Charleston Naval Shipyard	North Charleston
E. I. Du Pont de Nemours & Co.	Aiken
Kemet Electronics Corporation	Simpsonville
E. I. Du Pont de Nemours & Co.	Camden
Michelin Tire Corporation	Greenville
Hoechst Celanese Corporation	Spartanburg
M. Lowenstein Corporation	Lyman
Sonoco Products Company	Hartsville
Stone Manufacturing Company	Greenville
A. V. X. Corporation	Myrtle Beach
Springs Industries, Inc.	Lancaster
Stouffer Foods Corporation	Gaffney
Roper Outdoor Power Equipment	Orangeburg
Hoechst Celanese Corporation	Rock Hill
Bosch Corporation--Automotive Group	Goose Creek

[a] Based on number of employees.

Source: 1988 South Carolina Industrial Directory, provided to the Comptroller General's Office by the South Carolina Development Board

Miscellaneous Statistics

December 31, 1987 (Except as Noted)

Date of ratification--U. S. Constitution	1788[a]
Form of government	Legislative-Executive-Judicial
Miles of State highways	40,654[b]
Land area (square miles)	30,203[c]
State police protection:	
Police and sheriff districts	221[d]
Total number of sworn officers	6,475[d]
Higher education (universities, colleges, and technical education centers):	
Number of campuses	63[e]
Number of students	132,231[e]
Recreation:	
Number of State parks and historical sites	56[f]
Area of State parks	79,258 acres[f]
Area of forests	76,650 acres[g]
State Employees -- all funds (at June 30, 1988)	62,254[h]

Sources:

[a] 1987 Legislative Manual.

[b] Department of Highways and Public Transportation.

[c] State Data Center.

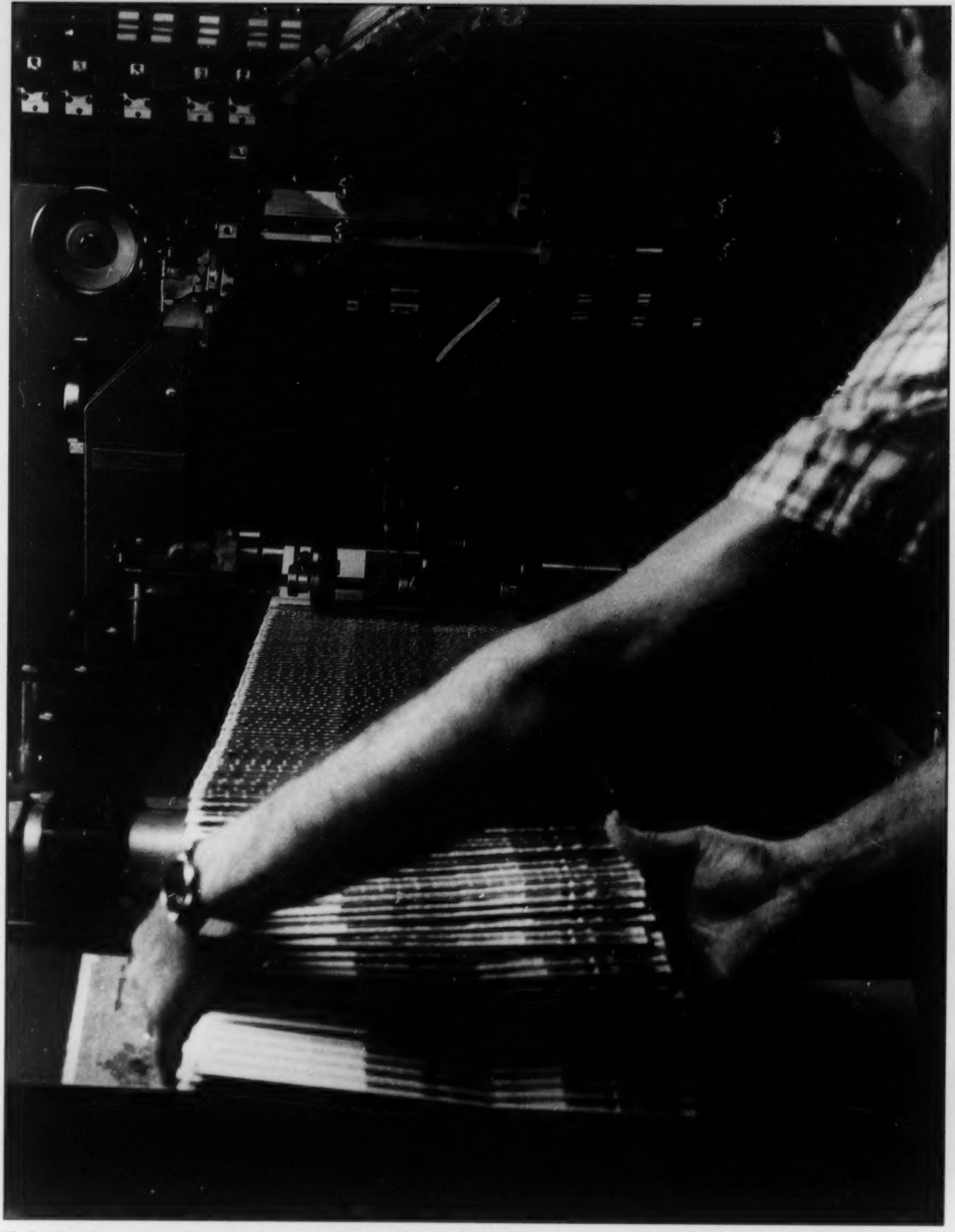
[d] State Law Enforcement Division.

[e] Commission on Higher Education.

[f] Department of Parks, Recreation, and Tourism.

[g] Forestry Commission.

[h] Budget and Control Board, Budget Division.



The R. L. Bryan Company was founded in 1844 and is one of South Carolina's oldest firms. It employs 150 people in its commercial printing operation in Columbia.